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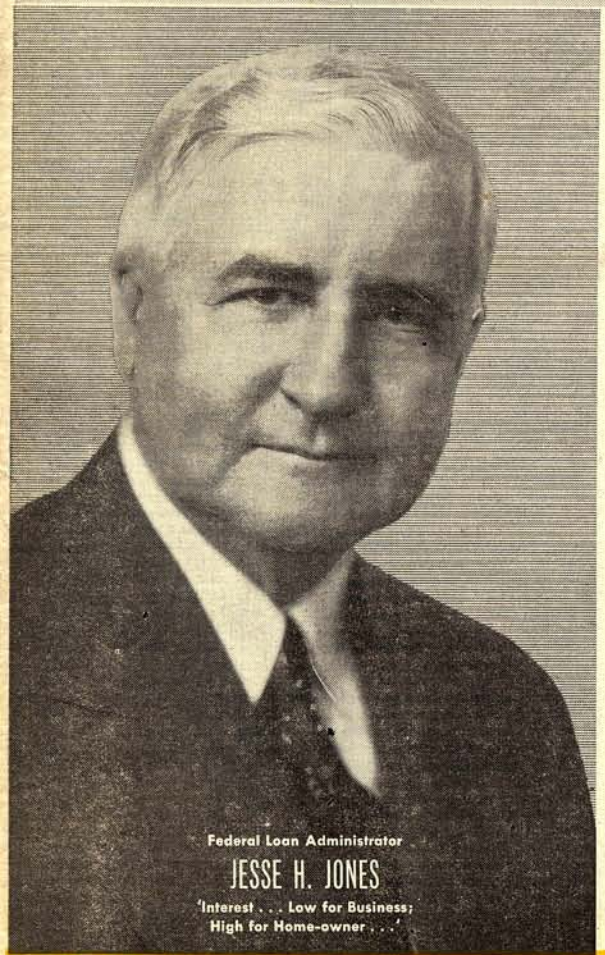
JONES CALLS FOR LOWER TAX, INTEREST ON HOMES



Federal Loan Administrator
JESSE H. JONES
'Interest . . . Low for Business; High for Home-owner . . .'

HEAD OF FEDERAL LOAN AGENCY SEES NEED FOR FARM AND CITY RELIEF

JESSE H. JONES, Federal Loan Administrator and one of the country's greatest figures in Federal Finance, believes that homes and farm lands are too heavily taxed and are saddled with an excessive interest burden.

This outlook, held by the man behind the R.F.C., F.H.A., H.O.L.C., and numerous other Government lending agencies, is bound to be productive of benefit for the farmers and home-owners of the nation, provided sufficient converts to the "Jones way" can be gained in time to effect reform.

Mr. Jones, addressing stockholders of the Federal Home Loan Bank of Winston-Salem, North Carolina, expressed his belief in the following positive words: "I have long been of the opinion that real estate was required to pay too much interest and too much taxes, that banks, insurance companies and other lenders do not accord mortgages as good treatment as they do other forms of investment."

That the real estate brokers of the nation support the Jones view is attested by Herbert U. Nelson, executive vice president of the National Association of Real Estate Boards. He quoted Mr. Jones extensively in his own statement on lending practices. He endorsed the Jones plan for expanding the Home Loan Bank system, eventually, into a general mortgage discount bank system.

Such an arrangement would provide mortgage money for business properties as well as for residential properites. Mr. Jones stated: "There is no reason why a first mortgage on improved property for which there is an economic need, whether it be business or residential, should not be accorded the lowest prevailing interest rate for properly secured loans . . .

"Many large investing institutions buy bonds or make loans that are not as safe as a good real estate mortgage, and frequently at a much lower interest rate than they demand on mortgages.

"The blue-chip corporation or borrower gets money at a ridiculously low interest rate. I would like to see a properly placed, properly protected first mortgage on improved real estate recognized as a safe and favorite form of investment for savings and trust funds generally . . .

"Loans for business properties are just as necessary as loans for residential properties, and the Home Loan Bank system may be the agency through which this can be accomplished."

The nation's home owners, city and rural, will be found heartily in accord with the Jones proposal. They have been hardest hit. They have faced the twin terrors of high interest and discouraging taxes.

The nation is well-equipped to encourage home ownership through proper financing. Let the Government lead the way.

—*Harris & Ewing*

FROM THE TOWER By Father Coughlin ★ **AN ANALYSIS OF INTEREST** By Rev. James McShane ★ **AMERICAN AGRICULTURE NEEDS ITS OWN BANK**

DINNER CHAT
By the Staff

Our Russian Misadventure

"THE RECOGNITION of Soviet Russia was a gigantic political and moral mistake," observes the Hon. Herbert Hoover, former President of the United States, writing in *Collier's* National Weekly for April 27th.

Inasmuch as the New Deal came into office on the "political and moral mistakes" of the administration of Mr. Hoover, his remarks may appear to some as "seeing the beam in a brother's eye" without "casting the mote out of one's own." But Mr. Hoover is on firm ground; political critics of the New Deal might campaign against Mr. Roosevelt with the same speeches and promises that he used in the days of Mr. Hoover's banking holiday. Not so much, when we coolly weigh it, has been done about driving out the money changers since Mr. Hoover's day.

But, aside from politics—if that is possible in the case of a defeated President criticizing his successor—Mr. Hoover, exactly because he is an ex-President, is entitled to be heard. His *Collier's* article has had a wide "press" and many editorial writers and politicians have endorsed it.

"Why," asks Mr. Hoover, "are we more tender of tyranny in Communist Russia than in Nazi Germany?

"We criticize some of our youth because we say they are Red. We criticize certain labor unions because we say that they are dominated by Communists. We arrest certain Americans because they serve Soviet Russia in this country illegally. Yet we do not stop to think that it was our own Government that set the mask of respectability on Soviet Russia and the things these people advocate.

Recognition Always a Recommendation

"I am not advocating war with Russia," the former President explains. "Nor am I advocating that we, in the remotest degree, interfere with the internal affairs of Russia . . . When our neighbors choose to live a life of disrepute, we do not shoot them up. But we can hold up the moral and social standards in the community a little better if we do not associate with them . . .

"Recognition of new governments . . . is a sign that we believe they are respectable members of the family of nations. It gives them a right of entry into our homes. It gives them a recommendation to our neighbors.

"I have no anxiety that the Communists will pull off a revolution in the United States," writes Mr. Hoover, "What does happen is that a people get annoyed and indignant over Communist sabotage of national life and poisoning the wells of liberty. Then in a rage they go Fascist and put the Communists down by cruelty and violence. Or, in milder form, they go vigilante. Both of these reactions are the defeat of liberty . . . ***Communism everywhere has paved the way for Fascism.***"

That, incidentally, is precisely what SOCIAL JUSTICE, and its founder, Father Coughlin, have been saying for years!

Reviewing his own years of residence in Russia as an American engineer before the war, and his familiarity with the sufferings of a gentle people under Czarist despotism, Mr. Hoover adds:

"The Communist revolution was not a revolt against the Czarist regime. It was a massacre under the softer word 'liquidation' of all the liberal men and liberal women in Russia. Nearly every member of those brave parliaments who raised the banner of liberty against the Czarist regime was executed without a semblance of justice or compassion. The remaining few still live in exile abroad."

Four Presidents Against Recognition

"With the Armistice arose the question of the recognition of the Communist government of Russia by the United States," continues the *Collier's* article. "President Wilson requested from me a memorandum upon the matter. It contained these lines:

"'. . . We cannot even remotely recognize this murderous tyranny . . . without transgressing on every national ideal of our own.' . . .

"Woodrow Wilson, in fact, needed no such advice. In August, 1920, his views and those of the Democratic Party were ably reviewed by Secretary of State Bainbridge Colby:

"'We cannot recognize . . . a government which is determined and bound to conspire against our institutions.'"

Four Presidents and four Secretaries of State, Mr. Hoover says, concurred in these views.

The former President then concludes:

"We move on to November 16, 1933. On that date President Roosevelt recognized Soviet Russia . . . To withdraw technical recognition at this time of a world aflame might be misinterpreted as warlike. But the moral equities would be at least reasserted if we withdrew our ambassador and left the technical representation of a *charge d'affaires*."

Readers of SOCIAL JUSTICE are already familiar with the story of our Government's impulsive recognition of Soviet Russia; further, they are familiar with the long record of Soviet Russia's propagandist activity in this country; and, surely, some readers will even remember when this National Magazine urged the discontinuance of our diplomatic recognition and at a time when to have done so would have had no warlike implications.

Morality Always a War Casualty

THE BRITISH, we learn from Mr. Boake Carter's syndicated column, are troubled about the lowered standards of war-time morality.

"In war, most standards which we try to preserve in peaceful times, go by the board," Mr. Carter observed. "Laxity supplants strictness. Everything is topsy-turvy. The routine of living is destroyed.

"That is one of the horrible things of war. Americans who sneer at those of their fellow citizens who oppose intervention, might remember that—and read some of the more searching and grimmer histories of the World War and the moral decay of Europe in the immediate years following that conflict. History is repeating itself today. America at war would bring the same rot to the moral fibre of this nation. Is that what we want?"

Not Our War

IF THE GERMAN people really knew the war aims of the German government, they wouldn't fight, says the *New York Times*, which remarks editorially:

"German workers, moreover, cannot be asked to make sacrifices, or German soldiers to risk or lay down their lives, on merely cynical grounds. The excuses that their nation gives for its official action must be such as to satisfy in some way their sense of fitness and rightness."

To which the Communists' *Daily Worker* makes answer:

"Sure enough, but the sword cuts both ways. If the English and French workers knew what the real war aims of London and Paris are, they wouldn't fight either. And the American people won't go 'over there' again when they realize how the *Times* is dishing out large doses of false moral fervor to conceal the dirty, imperialist character of the British-German war."

Now, isn't it just possible that they are both right?

SOCIAL JUSTICE is standing just where it has always stood since this war began—and long before: a *"plague on both their houses"!* The domestic crisis in America is of greater concern to SOCIAL JUSTICE, and the people who read this National Magazine week after week, than the fortunes of any foreign empire in Europe's economic war. Certainly we do not have to be indicted as "pro-German" because we point out the sham in British war propaganda in this country. The interests of America are not tied up with either side: **this simply is not our war!**

We liked the editorial candor of the *Cincinnati Times-Star* (April 16) which observes:

"Americans have two strong feelings relative to the present war in Europe. Their sympathies are strongly with Great Britain and France, and they want this country to keep out of the conflict. Sooner or later, if the war lasts long enough, these two feelings will come into conflict. Then a decision will have to be made—intervention in Europe or adherence to Washington's advice—'Why quit our own to stand on foreign soil?' . . .

"Europe has had other Hitlers and other Stalins who seemed about to establish a universal tyranny. However, in the case of all of them, from the Ottoman Emperors through Charles V and Louis XIV to Napoleon, the threat finally broke down—without any assistance from the United States of America."

Questions

NO PRIZE is offered for the answer to these questions, but your knowledge of the answers may well prove to be their own reward. Contents of this week's edition of SOCIAL JUSTICE contain the answers to all of them.

What is the purpose of the *triduum* in honor of the Little Flower to be held at the Shrine in anticipation of her feast day? What is a *triduum?*

What permanent social benefits have grown out of the Guilds in Germany?

Why did the workers' and merchants' guilds die out?

What is the present importance of the incident of the "Delano letter" during the Wilson administration, as disclosed by the Lansing documents?

Do English-owned holdings in the U.S. market give Great Britain an undue influence in this country?

What is Mr. Carter Glass's specific criticism of the Morgenthau policies in the Treasury Department? How do these policies change the original intent and purpose of the Federal Reserve Banking system?

What does Father McShane's second article on "Usury" add to our long discussion of this subject?

Why does agriculture need a bank separate and apart from the banking system which now accommodates the financing of manufacturing and other industry?

What special interest of Mexico's is suspected by Wall Street as a possible "joker" in the proposed Inter-American Bank?

Census Taker's Revolt

MUCH editorial discussion and news space was devoted to the public's reaction to the census—particularly to the supplemental information which one department or another had added to the regular 10-year enumeration. But not much has been written about the reaction of the census taker himself.

From Milwaukee, Wisconsin, comes the feature story of a young 21-year-old census taker who tore up his census reports and resigned because he "had to talk to too many women!" Although the young man had been a student of psychology and sociology and rated high in his examinations for census work, the manager for the district decided that "he was too sensitive" for the job. The work he destroyed had to be done over again.

A Milwaukee housewife reported that when she asked to see the man's credentials he slammed the door in her face.

The nation has been talking a lot about the "inquisition of the census;" ought we not pause for a moment to commiserate the poor census taker who — for 4 cents a name — must stand up to every irate citizen who thinks he has a grievance against the Government?

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FROM THE TOWER

***By* FATHER COUGHLIN**

Bonds, Banks and Securities

I

As I HAVE pointed out previously on this page, 30 per cent of the available capital of the 15 largest banks of New York City is represented in Federal bonds.

The actual cash, or hard money, held by these banks is negligible compared to the face value of the bonds. Moreover, the liquidity of the banks is partially dependent upon the stability of the bonds which represent such a huge bulk of their assets.

It is a fact that Federal bonds have no stable, fixed value. On July 28, 1939, for example, the United States Treasury 2¾'s (maturing in 1960) were listed at 108. On September 26—almost two months later—these bonds were selling at 99½.

The above specific instance represents a falling off of more than 8 points in the value of certain Federal bonds, thereby proving that they are not maintained at par, and thereby indicating that the stability of the banks of the nation is partially dependent upon the bond market. In other words, if the bonds depreciate in value another 10 points, it has been represented that there is scarcely a bank in the United States that can keep its doors open.

Were I to say this as merely expressing my own opinion, I would be termed intemperate. Therefore, let me quote Senator Carter Glass, than whom there is no better informed man on finances in this nation.

Holders Must Take Bonds to Maintain Market

On February 21, 1935, he said:

"The banks have been brought to a state in which they are literally obliged to take Treasury issues whether they want them or not.

"They are compelled to take them in order to maintain the bond market of the United States, because it has been represented to me by competent authorities that a depreciation of 10 per cent in Government bonds would render insolvent 90 per cent of the banks of this country." (*Congressional Record*, Vol. 79, No. 35, Feb. 21, 1935, p. 2475.)

While it is true that some smaller banks have been selling bonds and acquiring cash in their stead, nevertheless the larger banks are still in the bond business. To substantiate that statement, let me quote Mr. Edward Condlon, one of the financial writers in the *New York Times*. On April 21, 1940, he said:

"The New York City banks as a group have held mounting excess reserves somewhat in check by adding substantially to their investments, notably those in Government bonds. Banks in some small communities have been sellers of Government bonds on balance, but the institutions in the larger cities have added rather than subtracted from their Government bond portfolios."

Why does the bond market fluctuate, at one time quoting Federal bonds at 108, at another time quoting them at 99 or less? There are two main reasons: First, because, in some instances, bondholders sell their Government securities to purchase industrial stocks when it is believed that more profit can be made from the latter than by holding the former; second, because too many bonds are issued with the result that the investing public judges that the national income of the nation is not sufficient to meet the obligations attached to the bonds. In other words, the investing public begins to entertain the opinion that because we are spending more than we take in, there is less chance for the bonds being honored than there is when we are taking in more than we spend.

Banks, Insurance Companies Are Heavy Bond Holders

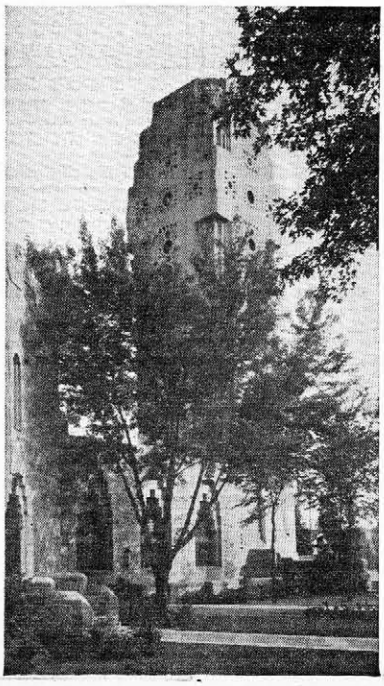
Now that the Federal Government has abandoned its policy of economy, as indicated by the recent $1-billion appropriation for W.P.A.; now that the Federal Government confessedly is not attempting to balance the budget (namely, to spend no more than it takes in through taxation and revenue), we are confronted with a serious situation. It is estimated, I repeat, that 30 per cent of the available assets of the 15 largest Wall Street banks are invested in Government bonds. The portfolios of insurance corporations are likewise heavy with these Government securities. Mr. Condlon, whom I quoted, says:

"Insurance companies, because of their peculiar investment problems have never been sellers, with the exception of a few companies that normally do a little trading in and out of the market." (*New York Times*, April 21, 1940.)

The same gentleman also informs us that the excess reserves of the member banks of the Federal Reserve System reached a new record peak above $6-billion.

It is my interpretation of a statement made by Governor Marriner Eccles of the Federal Reserve Board, that a million dollars' worth of Federal bonds can be purchased by the Federal Reserve Banks, or their affiliates, at $100,000. Simple arithmetic, translating the Governor's statement, therefore, indicates to me that these bonds can be purchased for 10 cents on the dollar by the Federal Reserve Banks or their affiliates.

The point is this: If, at present, we are expending more than we take in—which means, among other things, that there are too many Federal bonds extant; and if the bond market, as recent indices prove, is manifesting a tendency to show lower prices for bonds, what will happen when still more bonds are issued? It appears to me that the solvency of the banks will be impaired when one considers that the members of the Federal Reserve Banks can be forced to buy bonds by the Federal Reserve Board, a Government agency—and this, despite the $5,000 limit of deposit insurance guaranteed to the ordinary citizen against the failure of a bank.



Increased Taxation or Inflation Only Way Out

Therefore, the question is: "How can we solve the dilemma?" It is unsound to continue issuing more bonds and forcing the banks to buy them even at my estimate of 10 cents on the dollar with the present national income remaining as it is. It does not supply enough revenue to meet the expenditures engaged in by the Federal Government plus the interest on the bonds already extant. With the present financial policies now being practiced by the Federal Government, there is little hope that the national income will rise above the $80-billion mark.

There are two ways to solve the dilemma, thereby protecting the bonds (even though one may be opposed to the bond policy of financing): The first way is to increase taxation—inheritance taxation, consumers' taxation, sales taxation, etc., etc.

That is the hard way, which is not the pleasant way for any Administration which hopes to perpetuate itself in office.

The second way is to increase the national income without increasing the rate of taxation. This can be accomplished only through the process of inflation if it cannot be accomplished by multiplying or increasing business.

Senator Carter Glass is not the only financialist or public personage who knows that a 10 per cent drop in the price of bonds may close the banks of this nation. That is a possibility generally known by the majority of persons who study this question. It is also known by the officials in Government. Consequently, to protect the bonds upon which depends the solvency of our banks, to a great extent, and to avoid imposing more taxes upon the laborer, the farmer and the taxpayer in general, it appears to me that the Washington Administration will have recourse to inflation. It will issue more currency money and take measures that it will not go into hiding or be expatriated to foreign banks.

With more currency money actually poured into the stream of circulation, prices will rise: 50c butter will be 75c; 35c theaters will be 50c; $30 rent will be $40—at least that is my opinion.

Meanwhile, only an optimist is inclined to conclude that the United States will go to the root of the financial problem and begin issuing money against the wealth of the nation instead of against its debt, as we, in my opinion, are now doing.

* * *

II

Sea Island Conference

ON MONDAY, April 22, 1940, the *Detroit Free Press* printed a syndicated article under the caption of the *"National Whirligig."* It is worthwhile reprinting to let you know (a) that the high financiers of America are worrying; (b) that they entertain the opinion that we will be able to purchase $18-billion worth of foreign commodities, following the war, in order to liquidate our $18-billion accumulation of gold.

In other words, it appears that Great Britain, the world's largest producer of gold, and the United States, the world's largest holder of commercial gold, according to these financiers, will wed their destinies. It likewise appears that the non-producing gold nations and the non-holding gold nations will be subservient economically and financially to this new combine.

After reading this article, ask yourselves the question: "What benefit will all these imports contribute to the American farmer and laborer, and how much time will be required for the United States to assimilate $18-billion worth of 'goods that cannot be produced here'?"

Here is the article:

"The Administration's financial, commercial and monetary policies formed the topic of intense discussion offstage at the recent two-day conference of regional Federal Reserve Bank chairmen at Sea Island, Ga. The nation's leading business men and industrialists tried to foresee the practical, economic results of our present program in a post-war universe.

"Owen D. Young, for instance, raised the question of whether Uncle Sam would not be left holding a bag of worthless gold in a world economy based on barter and managed currency. Others wondered whether this country would not suffer severely in competition against an Anglo-French alliance, provided the Allies emerged victorious.

(Continued on Page 8)

In the Field and Factory

Reds Plot to Tie Up Nation, Witness Says

Seven C.I.O. Unions Influenced by Soviet Agents, Dies Committee Is Told

THE NEWS: In the event of war between the United States and Soviet Russia, or at any strategic time they wish to strike, Communists in America could disable communications and transportation and sabotage various other vital industries, the Dies Committee was told last week in Washington.

The tool in this paralyzation of normal American life would be seven C.I.O. unions controlled by Reds, Thomas O'Shea, former Communist president of the New York Transport Workers' Union, testified.

Named specifically in this group were the Transport Workers, the National Maritime Union, the United Electrical, Radio and Machine Workers' Union, the Utility Workers' Union, the Laundry Workers' Union and the Fur Workers' Union.

COMMENT: For many persons the first impulse upon reading O'Shea's recital of the ambitious program planned by "those Reds" undoubtedly is to dismiss it as fanciful. Without analysis, the plot does appear to be impossible of achievement.

O'Shea, however, outlined graphically just how it would be carried out. If Communist power in this country has reached proportions whereby it can cripple American industry and jeopardize national defense, that fact certainly should be made known to the public, and to the Government.

Disclosures Call for Investigation

An investigation should be instituted immediately to determine the truth of these allegations. Then adequate measures should be undertaken to rid the United States of the Communist menace.

Describing how the agents of Soviet Russia would try to render America impotent if their "mother country" should go to war against the United States, O'Shea said they would:

1. Call a strike of New York Transport Workers, thus tieing up transportation in that city within 6 hours.

2. Effect almost a complete shutdown of power, light and heat facilities there.

3. Halt practically all shipping on the Pacific Coast, through the power of the Maritime Union, headed by Harry Bridges.

4. By the same means gain control of transportation and shipping in Alaska, where the Soviets might be expected to attack.

5. Kill communication between various parts of the nation by calling strikes of radio and electrical workers.

6. Cripple production in navy yards, munitions and airplane factories and machine shops by strikes and sabotage.

O'Shea alleged that while only about 5 per cent of the rank and file Transport Workers are Communists, 90 per cent of the leaders are. He also asserted that the C.I.O.'s Electrical, Radio and Machine Workers' Union is Communist-controlled "from top to bottom."

Displaced by Quill, Witness Quit Party

Red leaders of the Transport Workers, the witness charged, have formed gun clubs where unionists practice rifle and pistol shooting regularly. The hold of these Communist leaders on the membership is so strong, he declared, that they could "stampede the men into a strike immediately."

Under questioning O'Shea, a native Irishman who formerly was a New York subway worker and at present is on the W.P.A., said he joined the Communist Party in April, 1934. A month later he was appointed president of the Transport Workers by John Santo, whom he identified as district representative of the Party in the transportation industry. The presidency was supposed to be an elective office, he pointed out.

Late in 1935, the witness said, Santo instructed him not to oppose the candidacy of Michael Quill, New York City councilman, designated by Santo to succeed O'Shea in office. Quill was elected. Disgusted with the Party, O'Shea resigned from it in 1938, he said.

Former Secretary Corroborates Charges

Corroboration of his tale of Communist infiltration into labor unions came from Ezra F. Chase, who admitted before the Committee that he had been an active Communist Party worker in Los Angeles for 7 years. He also said he had been secretary of that city's unit of the American League Against War and Fascism.

Organization of the C.I.O. gave Reds the very opportunity they needed to gain power quickly among workers in the basic industries, Chase declared.

He said the Party made rapid progress in organizing employes of the aircraft, steel, automobile and other basic industries on the Pacific Coast. Farm workers and the unemployed, as well as students and unsuspecting members of church organizations also fell under the Red spell, he asserted.

C.I.O. lieutenant Harry Bridges was named as an active leader on behalf of the Communist cause in the West.

The Party's objective in acquiring power was to set the stage for revolution, Chase said. He termed Communism "the greatest political and economic conspiracy of all times."

Communist members in aircraft, munitions and navy yards are pledged to secure military secrets of the United States for transmission to Soviet Russia, he declared.

House Member Rises to Defense of Fr. Coughlin

WASHINGTON, D. C.—The Non-Sectarian Anti-Nazi League to Champion Human Rights is an organization of Communists and Communist sympathizers who seek to discredit Father Coughlin and other real Americans opposed to Communism.

That was the assertion made recently in the House by Representative Jacob Thorkelson of Montana.

"Why all this venom against the Christian Front and against Father Coughlin?" Thorkelson asked. "Surely Father Coughlin is a Christian, and his only offense is to denounce those who are Communists or engaged in Communistic activities."

Thorkelson declared many of the League's officers are "recorded in Congressional hearings as members of radical groups in the Communist Party."

The organization operates as an independent investigating unit within the United States, he said, "investigating its own designated subversives. And who are they? They are the patriotic American citizens who are opposed to the Communists and therefore to the Non-Sectarian Anti-Nazi League."

Wage-Hour Revision May Cut Wages of Million Workers

THE NEWS: Against the expressed wishes of President Roosevelt, the House of Representatives has voted to open discussion on various proposed amendments to the *Wage-Hour Law*.

One suggested modification, offered by Congressman Graham Barden of North Carolina, would exempt approximately 1-million workers in agricultural processing industries from minimum wage and maximum hour provisions of the Act. Others would exempt certain so-called "white-collar" workers from the maximum hours regulations.

COMMENT: SOCIAL JUSTICE believes that any alteration of the law, whereby the meagre incomes of 1-million employes would be slashed, is poor legislation.

The present minimum wage of 32 cents an hour for laborers engaged in processing farm goods for the market certainly is not too high. It is scarcely a family living wage.

Cannery officials and other employers in the agricultural processing field maintain they cannot afford to meet the wage requirements of the law.

Many other industries are able to pay fair wages. Why can't the canneries?

As for exemption of "white-collar" workers from maximum hours provisions—that might be advisable in the higher salary brackets.

Supreme Court Upholds Labor's Right to Picket

THE NEWS: In two 8 to 1 decisions the United States Supreme Court upheld labor's right to picket and declared an Alabama law and a county ordinance in California restricting that right were unconstitutional.

Justice Frank Murphy wrote both opinions. The dissenter in both cases was Justice James C. McReynolds, one of the few remaining members of the high court not appointed by President Roosevelt.

COMMENT: This is truly an important gain for labor—a gain that is justified and desirable. Peaceful picketing during strikes should not be prohibited either by local, state or Federal authorities, for, as Justice Murphy pointed out, such a curb would constitute an abridgement of liberty.

Secure in the knowledge that its rights are being preserved, labor must be careful, however, to avoid abuses of its right. It should not, for instance, penalize a fair employer by picketing a place of business simply because the employer hires members of a rival union.

The N.L.R.B. would do well to take a cue from these decisions, and extend to employers the same freedom of speech guaranteed to unions.

How the Cotton Associations 'Assisted' Southern Farmers

WASHINGTON, D. C.—Wealthy cotton merchants who control the American Cotton Co-operative Association virtually rob poverty-ridden farmers of almost 40 per cent of their crop returns, Senator Kenneth McKellar of Tennessee charged recently on the floor of the Senate.

He said E. F. Creekmore, New Orleans trader and $35,000 a year head of the Association, was instrumental in having the Farm Credit Administration decree that producers must market through the Association or its state affiliates.

With the farmers thus forced to deal with the co-operatives in order to sell their crops, McKellar declared, the Association charged as much as $19.34 in commissions and other fees on a bale of cotton priced at $51.31. In other words, the hungry, ill-clothed and wretchedly-housed cotton grower actually received only $31.97 instead of the market price of $51.31 on a 500-pound bale.

McKellar cited records of the Mid-South Cotton Co-operative Association, affiliate of the A.C.C.A., showing the various exorbitant charges levied against the growers. Correctness of the record, he said, had been affirmed by Charles G. Henry, head of Mid-South, and a director of the A.C.C.A.

Listed as "previous cash advance" on a bale of cotton sold by the farmer to the co-operative, was a charge of $5.59, which McKellar assumed to be a commission. Interest on the cash advance was 60 cents; insurance, $1.30; storage, $4.55; "charges other than regular seasonal charges," $1.40; membership fee, $5.

The Senator emphasized that membership was neither an advantage for the grower, nor was it optional. Yet he was charged $5 for joining. Economic duress was employed to force his membership, McKellar demonstrated. In dire need of ready cash the farmer would sell cotton to the co-operative. On the check he received in payment was a written agreement that the farmer would thereby become a member of the co-operative. As soon as he endorsed and cashed the check, therefore, he had agreed to join.

It was McKellar's contention that the A.C.C.A. and its several state units, do not operate for the welfare of the growers, but rather mulct them at every opportunity.

His allegations were made during Senate debate on a bill providing for a Government "gift" of approximately $4¼-million to cotton co-operatives for losses sustained when the cotton market collapsed several years ago.

He opposed the measure on the ground the farmers, not the wealthy co-operative officials, should receive the money. Properly distributed, the appropriation would give each of 250,000 cotton farmers from $15 to $20, which he declared was far more desirable than allowing the predatory cotton association directors "pocket" the entire sum.

Prime conspirator in the move to secure this free Federal money were Creekmore and his associates, whom he said, wield a strange power in Washington.

Senator Clyde M. Reed of Kansas supported McKellar in arguing that the A.C.C.A. is not entitled to the handout inasmuch as it has no connection with and is not the successor in interest to the Cotton Growers' Exchange which lost the money.

"This man Creekmore has more schemes in his head than any man I ever knew," McKellar declared. "Turn him down one day and he will turn up the next or a few days later with a scheme to get money from the Government or through Government influence."

Nailing that point down, the Senator told how Creekmore once succeeded in operating a lending system by which his firm borrowed money from the Government at one-eighth to one and one-eighth per cent interest, lent it to individual co-operatives, affiliates of the national, at 2 per cent and then had the individual co-operatives lend it to farmers at 6 per cent.

Inside Washington

U. S. Involved in Aid to One-Third of World

Defense Covers Whole of Western Hemisphere and Isles of Pacific Ocean

By Staff Correspondent of SOCIAL JUSTICE

WASHINGTON, D. C.—The position of the United States under present war dangers would be eminently more secure if this nation were not involved in the military defense of approximately one-third the world's land surface.

This fact is growing more apparent to a Congress already alarmed at the spread of war, and alarmed likewise at the bold assertions that eventually we will be dragged into it.

At present this nation is involved in the defense of all of North, South and Central America. Since Germany's invasion of Denmark we have virtually taken Greenland under our defensive wing. These sprawling parcels of territory, together, comprise nearly one-third of the land surface of the world.

Secretary Hull Extends Protection Zone to Indies

In addition, our naval protection extends 7,000 miles across the Pacific to the Philippines, which are awaiting the passage of time before taking up their guaranteed independence. Last week Secretary of State Cordell Hull extended our defensive policy to cover also the Dutch East Indies, adding another 1,000 miles of Pacific territory to our "life line."

In this he was backed up by President Roosevelt, who two years ago accented again his pledge of military defense to Canada, and two weeks ago touched tellingly on the position of Greenland in relation to the Monroe Doctrine.

Because a tacit agreement with Great Britain leaves the policing of the Atlantic to her navy, and the policing of the Pacific to ours, it is necessary now to spend billions on Naval expansion. The game of empire-playing is a costly one, as American taxpayers soon will learn.

Added to the already great number of war dangers for the United States is the hot outburst of Rear Admiral Joseph K. Taussig, U.S.N., who declared that war is "inevitable" between the United States and Japan. To those in Washington already alarmed over the Dutch East Indies situation, poised on the precarious neutrality of the Netherlands, Admiral Taussig's outburst seemed to be "asking for it."

Shall We War for Rubber and Tin?

The Dutch East Indies is important to the United States in that it is a major source of rubber and tin. The understanding to be gained from Mr. Hull's statement, Mr. Roosevelt's cover of that statement, and Admiral Taussig's outburst, is that we will go to war to save the source of our supplies of tin and rubber. The question arises: are these commodities worth the cost of war?

The only way to escape a potential war, it would appear, would be to concentrate the attention of all the Americas on the desire for peace, hoping and praying, meanwhile, for a change of heart on the part of the war-makers of the western world.

Witnesses to Tell of Mexican Plot

THE NEWS: Representative Martin Dies has announced that the House Committee on un-American Activities expects to start hearings within six weeks on the purported Russo-German plan to set up a puppet government in Mexico.

Dies said some 100 witnesses from Mexico and the border states would be called to testify. He said thousands of Russian and German agents were pouring into Mexico and intended to capitalize on the July elections, or otherwise create a political disturbance, the aim being to get a foothold in North America.

COMMENT: It has long been suspected that American Communists have turned their eyes toward Mexico as the next land of revolution. Chairman Dies' statements tend to bear out this viewpoint.

In view of the vast work done in this country to aid the Communist cause in the recent Spanish civil war, it is timely now to take steps to prevent a recurrence of that catastrophe in Mexico. Perhaps Attorney General Jackson was not wise in dismissing the indictments against the Loyalist recruiters. An examination of the accused might have led to the alleged Mexican plot.

Justice Department to Act on Movie Evils Soon

WASHINGTON, D. C.—Action is expected soon in the government's anti-trust action against several of the nation's larger motion picture producers, according to representatives of the Department of Justice.

The proceedings, scheduled for New York, are designed to break down the unwholesome connection between producer companies and theatre chains, and to prohibit "block-booking" and blind selling of motion pictures to exhibitors.

Proceedings have been delayed by conferences between officials of the Commerce and Justice Departments over the extent of a "consent decree" to be submitted to the offending companies. The producers are understood to be willing to sign a consent decree abolishing blind selling and block-booking, but are unwilling to drop ownership of the theatre chains.

Under terms of a consent decree, parties to a Federal action voluntarily agree to cease and desist from the practices objected to, and in return the government drops prosecution of its suit.

The block-booking and blind selling systems have been blamed by exhibitors for many of the evils protested by the Legion of Decency. Under these systems an exhibitor is forced to accept unwholesome or immoral pictures in job lots, along with wholesome or approved pictures.

Thus if the Department of Justice is able to press its suit, or win a consent decree abolishing the block-booking evils, it will be a victory for the moral-minded theatre-goer who likes clean pictures and abhors filth and smut.

Mr. Roosevelt in Triple Play for 'Economy'

THE NEWS: President Roosevelt indicated last week that he intends to scrape the bottom of the Federal cash barrel in an effort to avoid raising the national debt above its legal limit of $45-billion.

The President submitted to the Senate a plan for leveling off the funds of Federal lending agencies in an effort to "recapture" $700-million in capital from the R.F.C., P.W.A., Federal Land Bank, and other agencies. Under this arrangement the capital so reclaimed could be used to pay for current Federal expenses.

This move followed the President's earlier request that relief outlays be budgeted for 8 months only, and his suggestion that farm payments be "authorized," but that their actual appropriation be deferred until next year.

COMMENT: President Roosevelt's "economy" program, it now becomes evident, is nothing more than a stratagem to escape responsibility for raising the national debt.

By deferring farm subsidy appropriations and payments, while approving their authorization, the President is able to straddle the issue effectively.

Similarly his stand on relief reflects a studied effort to ride two horses, going in opposite directions. On the present basis, W.P.A. will be carried along through the campaign months of 1940, but will terminate abruptly early in 1941 and explode in the face of the new Congress.

Speaking of Mr. Roosevelt's moves in these matters, Paul R. Leach, *Chicago Daily News* Washington correspondent, said: "Whether this is subterfuge, bookkeeping necessity, or just plain New Deal politics, depends upon which political window you're looking through."

Senator Byrd, of Virginia, delivered the *coup de grace* on the proposed "recapture" of funds from various Federal lending agencies by Mr. Roosevelt. Charging outright subterfuge, the senator promised to oppose any legislation proposed to carry out the plan.

Under the plan Mr. Roosevelt would withdraw $300-million capital from R.F.C.; $200-million from Federal land banks; $50-million from P.W.A.; $60-million from banks for co-operatives; $40-million from intermediary credit banks; $35-million from savings and loan associations; $15-million from production credit corporations.

Home Needs Can Save Nation From War, Congressman Says

WASHINGTON, D. C.—America's greatest hope of escaping the present European war lies in choosing the path that leads away from that war —the path to a realization of our home problems and their solution.

That is the advice of Representative Forest A. Harness of Indiana, spoken to his associates in the House of Representatives.

"There is definitely too much American meddling in this war already," Representative Harness said. "Certainly no immediate purpose is gained by having our personal envoys among the combatants."

Zeal for War Business Leads to Two Alternatives

The Indiana Congressman, decorated for distinguished service in the World War, fears that our zeal for the war business of the Allies may lead to one of two things: first, a collapse when the Allies run out of money and are unable to make further purchases, or, secondly, direct involvement if we decide to lend to the Allies.

"We are undertaking large-scale expansions to produce implements and munitions of war for the Allies, even though we realize their resources will be quickly exhausted," Congressman Harness said. "When that point is reached the next step is obvious. Either our war boom collapses and throws thousands of persons out of work, or we alter the restrictions to extend credit to the purchasers.

"Our 'cash and carry' policy is popular now, but we may look at it very differently in a few months when it threatens us with another severe recession. Under this threat it will be much easier to take the less painful step and become large-scale investors in another European war. As our stake in an Allied victory grows, so grows the likelihood that we will ultimately enter to protect it."

First Decade Without Economic Improvement

The danger of the moment, Representative Harness points out, is largely political. "We have just finished the first decade in American history in which we have failed to make definite economic advancements. After 10 years of depression, we still have failed to make any appreciable headway toward sound recovery . . .

"The New Deal has lost favor so completely that, on domestic issues alone, it would face almost certain defeat in the forthcoming election. Here again is a striking parallel between 1916 and 1940. Wilson and the Democrats in 1916 were also slipping toward certain defeat. In the shadow of war, however, clever campaign strategy capitalized the peaceful desires of the country to re-elect Wilson by the narrowest margin.

"It made no difference at the time that while the campaign was waged on the slogan, 'He kept us out of war,' Wilson's personal envoys were actually touring Europe, lending encouragement and implying assurances of American help to the Allies."

Representative Harness concluded that "peaceful sentiments" will hardly preserve peace in the face of events now shaping. The best method, he told his colleagues, is the application of "cold realism to our problems at home." He suggests an industrious effort to "set our house in order," thus to escape the entrancements of the war now raging.

Congressmen Suggests 'Congress First for War'

WASHINGTON, D. C.—Representative John G. Alexander of Minnesota recently offered to put into practical effect the oft-repeated suggestion that Congressmen fight the wars they declare.

"Before I would do that (vote a declaration of war in a foreign land) and endanger the lives of my three stalwart sons," Congressman Alexander told his colleagues, "I would offer my own life and services, and I call on every member of Congress to make a similar pledge.

"Before we declare war let us all agree and vote to insert a proviso that members of Congress will be the first to be drafted." That would seem a most practical step toward the abolition of imperialistic war, at least so far as the United States is concerned.

NATIONAL WEEKLY

Social Justice

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LOUIS B. WARD, *Editorial Director*
E. PERRIN SCHWARTZ, *Editor*

16 PRINCIPLES OF SOCIAL JUSTICE

Liberty of conscience and education.
Just living annual wage.
Nationalization of important public resources.
Private ownership of all other property.
Control of private property for public good.
Abolition of Federal Reserve Banking System and establishment of a Government-owned Central Bank.
Restoration to Congress of its sole right to coin and regulate the value of money.
Cost of living maintained on an even keel.
Cost of production plus a fair profit for the farmer.
Labor's right to organize.
Recall of non-productive bonds.
Abolition of tax-exempt bonds.
Broadened base of taxation on basis of ownership and capacity to pay.
Simplification of Government and lower taxes.
Conscription of wealth as well as men in event of war.
Sanctity of human rights preferred to sanctity of property with Government's chief concern for the poor.

An Important Conversation

NOT ONLY America, but all the world, is deeply curious as to the import and content of conversations engaged in by President Roosevelt, representing the United States, and the Hon. Mackenzie King, representing Canada and the British Empire.

Possibly this conversation was the most important diplomatic *tete a tete* of the year.

In some quarters it is conceded, perhaps prematurely, that Great Britain already has lost this Second World War. Those who entertain this conclusion wish it to be interpreted in the sense that Great Britain will be ousted from Europe and, possibly, the Mediterranean.

They also entertain the conclusion that, following the eventual peace treaty, England will have traveled far along the highway of State Socialism, or State Capitalism—whichever one prefers to call it.

Viewing the tendency in our own land to travel the same highway, it is estimated that a closer alliance will be established between Great Britain and the United States.

Subtle Propaganda

"THE BRITISH today say they are not employing propaganda of any kind in the United States. That is an excellent kind of propaganda," declares Fulton Oursler, editor of *Liberty magazine*, who addressed a recent D.A.R. Congress in Washington, D. C.

"Lord Lothian's speeches," the speaker continued, "are masterpieces of understanding of the American point of view, and therefore masterpieces of strategy."

An example of what the *Liberty* editor was talking about is to be encountered in the *St. Louis Post-Dispatch editorial* (April 20) reporting a Lothian lecture in St. Louis:

"In his address to the St. Louis Chamber of Commerce last night, Lord Lothian, British ambassador to the United States, punctiliously observed the proprieties. The touchiest isolationist would be hard put to it to extract one objectionable statement of fact or deduction from the context . . . "

But the *Post-Dispatch* in a following paragraph of the same editorial declares: "No one doubts that civilization, as democracy understands it, has vanished from Nazi Germany and the other totalitarian States. The Europe of January 30, 1933, when Adolf Hitler came into power, no longer exists. The facts are there, affronting the world's troubled eyes. No rheotoric is needed to color their import or construe their augury. Just a calm rehearsal of the events . . . The case was cogently presented by Lord Lothian in a candid attempt to essay the realities."

Every European government has learned a great deal since the World War about giving out information, Mr. Oursler told the D.A.R. "They know," he said, "that lies are bound to be exploded eventually. Now, all nations seem to have dropped barefaced lying as a policy. Instead, they are sticking to the facts, but only to the facts that they want to use."

Ottawa Next Empire Capital?

SEVERAL MONTHS ago SOCIAL JUSTICE National Magazine facetiously referred to their Britannic Majesties' visit to Canada as an exploratory pilgrimage designed for house hunting.

Should Great Britain sign a peace, the terms of which would eliminate her from dominating the affairs of Europe, and particularly the Mediterranean, what further advantage would there be for the British government to retain residence at No. 10 Downing Street?

Will not Downing Street, and the British Isles, then be on the outer rim of British influence? Would it not be more advantageous for the Imperial government to move its files and finery to Ottawa?

While it would be impossible to uproot St. Paul's, to transfer Westminster and to "Aladdinize" Picadilly and Pall Mall, nevertheless, now that British gold has found its resting place in continental America, is the improbable about to happen?

Yes, our British cousins may be our next-door neighbors—before we decorate our kitchen walls with a new calendar!

If Congress Were Free

MUCH AGITATION is rife as the politicians debate prior to the Democratic and Republican National Conventions. As matters stand, it matters little whether a rock-ribbed Republican or a New Deal Democrat is elected to occupy the Presidency.

More important than the President's office, is the Congress of the United States—the people's legislative body. A good President and a mediocre Congress can prove fatal to America's welfare. An informed, and independent Congress, might permit the country to proceed and prosper, even with a bad President.

Political parties, heretofore, have shown themselves hungrier for patronage than for social reform.

Possibly, it would be advantageous if Congress, of its own volition, were to sacrifice all claims to patronage, and appoint a permanent non-political board to hand out the jobs independent of the political faith of the persons to whom the jobs were given. Thus, freed of partisan patronage pressure, the people's representatives might give themselves genuinely to the task of considering pressing social reforms.

Some persons may term such a suggestion as "bureaucratic"; nevertheless, it is a milder form of bureaucracy than the type which we have experienced during the past twenty years.

Freedom of Speech

THE COURT of Appeals of the State of New York, the highest regular court in New York State's judicial system, has unanimously upheld New York state officials in extending the privileges of the use of Station WNYC, New York's municipal broadcasting station, to the Holy Name societies of the city departments.

The Supreme Court of New York, the court of general jurisdiction, had previously upheld the right of the city officials to extend the broadcasting privileges to the Holy Name Society on the basis the broadcasts were not for the benefit of the Holy Name Society but because of the interest of the listening public.

The speeches at the Holy Name Communion breakfasts were regarded by the Supreme Court Justice Shientag as "educational and cultural in character." In his opinion Justice Shientag stated, "That they may also stress the importance of religious ideals is no reason for prohibiting their broadcast over the station—quite the contrary."

The Logan-Walter Bill

UNDER THE SHADOW of the *Constitution of the United States* the Executive power has not grown alone through permissive legislation, nor by the tremendous grants of patronage incident to the growth of new functions and new powers of government The greatest growth has been in absorbing, little by little, of the Judiciary powers by the various departments, bureaus and offices of the Executive.

When the Labor Department rules upon the status of an immigrant, the judgment is usually final without any appeal to the courts. When the Civil Service rules as to the eligibility of a candidate, the judgment is final without an appeal to the courts. When the State Department rules as to the amount of a reward due the heirs of a citizen killed abroad by a foreign government, it arbitrarily may set a sum infinitely less than that received from the foreign government as indemnity. There is no appeal to the courts.

When the Treasury of the United States assesses an individual and arbitrarily keeps the money, there is generally no appeal to the courts.

The *Logan-Walter Bill* dealt with four distinct subjects: The first was procedure for the adoption and promulgation of rules for administrative agencies. The second was judicial review for the validity of those rules. The third was internal procedure to be followed by those agencies, and the fourth was judicial review for the decisions of those agencies.

The power of the administration was directed against the passage of the bill. Speaker Bankhead and Majority Leader Rayburn, used the full force of their power to defeat the legislation.

The debate was long and torrid. Finally, there arose Judge Hatton W. Sumners of Texas and in the shortest of arguments he turned the tide of battle in favor of the people.

Simply pointing out that there are nearly a million executives operating this machinery of Government, he stated that when Congress left for home Congress ceased to have one single thing to do with the Government. Only one elected representative of the people of the United States, namely, the President, had charge of a million persons in the administrative departments, whose word was law without judicial confirmation or approval.

In the final vote the House followed the common horse sense of Judge Sumners on a roll call with 282 yeas against 97 nays.

From now on, in administrative departments, we will have a government of rules; rules of procedure, rules of practice and decisions subjected to the purview of the judiciary.

Congratulations, Judge Sumners!

Tudor Philosophy

WHEN THE Tudor statesmen of England recognized that their nation's destiny was supremacy on the sea, they set about consciously to create a social and economic revolution which would pave the way for empire.

Subsidizing the fisheries to train the man-power for the navy and granting the letters of Marque to the privateers to train the officers, the Tudors commenced their far-reaching plan of colonial empire.

Chartering the great trading companies and sending the missionary to precede the flag that was to protect America, Britain built a new economy, the economy of the capital old colonial system.

In closing the great agricultural lands to accommodate sheep-raising, Britain delivered an agricultural population *en masse* into her cities; destroying the monasteries she distributed their happy population into the gutters of idleness.

Passing her navigation acts she pre-empted transportation, manufacturing and finance as her three home monopolies, while she made her colonies, including the American colonies, the producers of the raw materials.

Then Britain made idleness a crime and imposed upon her helpless idle the discipline necessarily preceding their virtual eviction from England as indentured servants to the colonies. Paralleling the indentured servants she entered upon the slave trade not only for its unholy profits but for a labor supply in her far-flung colonies.

Today we have perhaps 10-million unemployed, but we have in this nation 5-million idle youth willing to work, desirous of working but driven into the slough of despond. War may be their only opportunity.

Let it never be said of our beloved country that Tudor philosophy has been applied.

Let it never be said "we planned it that way. Let no man tell you differently."

British Labor for Peace

AS ALREADY widely advertised, the Bournmouth British Labor Convention is scheduled to take place on May 17th.

Recognizing that British labor has been penalized, in that wages were cut under the pretext of a patriotic sacrifice; conscious of the age-old dissatisfaction evidenced in the ranks of the ship builders, miners and textile workers in England — it is not improbable that, out of the Bournmouth convention, there will arise a strong protest against the war and its continuation.

All is not well in England. Nevertheless, all's well that ends well: If the British diplomats can see their way clear to arrange for a speedy peace, as a result of the demand emerging from British Labor.

'Pall Mall'

In the March 25 issue of SOCIAL JUSTICE we criticized Pall Mall for its trade mark design carrying the words *"In Hoc Signo Vinces."*

Now comes Pall Mall with a line drawing of a hand holding a cigarette.

Congratulations! Pall Mall.

'Theirs But to Do and Die'; Someone Had Blunder'd!

ENGLAND'S war-chief, Mr. Winston Churchill, and Gallipoli are inseparable names.

A score of years and more ago, it was Churchill who ordered British troops to land upon the shores of Gallipoli, on the Dardenelles. The result? Thousands and tens of thousands of lives and bodies were sacrificed and maimed as the result of the rocking-chair tactics employed by Britain's masterful blundering.

"Time marches on." It is April, 1940. Having lost prestige because of their failure in Czechoslovakia, Austria, Poland and Finland, Britain's parliamentarians decided to reform the Cabinet.

Reaching into their moth-eaten files of social prestige, Britain's leaders fetched out the perennial Winston Churchill—nominating him to lead Britain's soldiers to victory.

April, 1940! Propaganda played its part in picturizing the *Empress of Australia* leaving an English port as she cargoed 15,000 territorials to strafe the Germans who had seized Norway.

* * *

Leland Stowe, correspondent for the *Chicago Daily News* and its syndics, has written the story of these territorials in a masterpiece of modern prose. Armed only with machine guns, devoid of anti-aircraft guns, unprotected by airplanes, unaccompanied by battleships—these 15,000 men were dumped into the snows, the slush and mud of Norway. Without proper clothing, without proper training—(an echo perhaps of Hore-Belisha's bungling in the war department?)—these territorials were directed to engage and vanquish an iron-geared, thoroughly equipped and co-ordinated battalion of well-trained German veterans!

Soon, the British ranks were divided—some had fled northward in disgust, some had surrendered in despair, according to Mr. Stowe.

Six hundred in one group stood like sheep in a slaughter pen while the "jerries" buzzed overhead, dropping crimson flares to mark the hiding places of doomed victims.

Six hundred young men — dear enough to be your sons or brothers!

* * *

One cannot help but recall the fate of another 600 immortalized by Lord Tennyson in his famous *"Charge of the Light Brigade"*—600 who rode into the valley of death, never to return — because "someone had blundered."

"'Forward, the Light Brigade!'
Was there a man dismay'd?
Not tho' the soldier knew
Someone had blunder'd.
Theirs not to make reply,
Theirs not to reason why,
Theirs but to do and die.
Into the valley of Death
Rode the six hundred.

"Cannon to right of them,
Cannon to left of them,
Cannon in front of them
Volley'd and thunder'd;
Storm'd at with shot and shell
Boldly they rode and well,
Into the jaws of Death,
Into the mouth of hell
Rode the six hundred."

Someone had blundered. And that someone, in Norway, as at Gallipoli, was Winston Churchill!

The Week's True Story

Social Justice Message Converts Young Radicals

TO THE EDITOR OF SOCIAL JUSTICE:

I could no longer refrain from writing this letter after reading your magazine of this week. You have a wonderful magazine and it is an excellent influence on the young people of America. I will tell you what I mean by a "good influence on the young," when I tell you how I came to read your magazine.

My mother, being a good Catholic, read all the Catholic papers. We, being young, high school or college students, and newlyweds, paid no attention to her papers. She tried in vain to make us read your magazine. We neglected our church and so did all our young friends.

We drifted toward Communism. Some of us—and there were many—definitely became young Communists, although one must not blame us to too great an extent. Unemployment and starvation facing young people, was partly to blame. Then along came a beacon, or so we thought. Communism, we reasoned, was the answer to our prayers (though not God's prayers). Everyone would have to work under Communism; the rich would be poor, and we would be rich.

It was this Administration that put Communism in our minds, although in not so radical a form. Roosevelt, we reasoned, would be the perfect dictator. We'd never need to worry after that. We were well pleased with what the President had done and we hated the "old-styled" politicians, like Senator Borah, etc.

Then, like a bolt from the sky, through sheer curiosity, I read a copy of SOCIAL JUSTICE. I was dumbfounded at such daring. Common sense told me that no man would uncover such conditions in our Government and still exist, if it were not true. From that time on, my brothers (two of them) and myself, began getting acquainted with Father Coughlin's Sunday talks and with the magazine founded by him.

We have introduced it to our friends in high school and college, and young married people's clubs. Believe it or not, we have made at least one hundred persons read your magazine. Every one of them, whether Protestant, Jew or Catholic, admires it. We have discussions among ourselves, but best of all, we have all returned to our respective churches and participate actively in their activities.

My mother is proud of my husband and me and my two brothers. She's also proud of all our young friends. Thanks to her, and to your fine magazine, we are now saved from "destruction."

I pray for the continuance of such fine work as Father Coughlin is doing. Father Coughlin has more courage than selfish politicians who are too afraid or too uninformed to speak for us American people.

Through the young you will build a social justice democracy some day and we will help you all we can. God bless you.

P.S. I wish you would put this in your magazine for the young people's sake.

The Conspiracy

G-Men Tell Story of Sedition Inquiry

Agent Creates Courtroom Sensation With Remark That Anti-Christian Activity Is Not Subversive

By Staff Correspondent of SOCIAL JUSTICE

NEW YORK, N. Y.—Two meaningful questions and answers went into the record of the Brooklyn sedition trial last week.

In his cross-examination of F.B.I. Agent Peter J. Wacks, Leo Healy, counsel for 10 of the 16 accused men, asked: "Do you consider any one who makes anti-Semitic statements subversive?"

Mr. Wacks, who directed the F.B.I. investigation which led to the arrest of the defendants last January, replied: "Yes."

Mr. Healy then asked: "Do you consider any one who says he dislikes Christians subversive?"

Mr. Wack answered "No."

As a gasp of astonishment went up from the spectators, the F.B.I. agent attempted to explain his remarks, but was prevented from doing so by counsel who demanded that the witness adhere to the usual court practice of restricting his answers to yes and no.

'Confession' Edited, Agents Testify

Next day, the name of Father Coughlin was dragged into the trial when Assistant U.S. Attorney James D. Saver read to the jury an alleged "confession" obtained from John A. Viebrock, one of the defendants, on the night of his arrest.

According to Viebrock's statement, John F. Cassidy, another defendant, "was the national leader of the Christian Front, having been so recognized in the early Summer of 1939 by the Rev. Charles E. Coughlin."

Upon cross-examination by defense counsel, F.B.I. Witness Arthur M. Thurston admitted that the statement had been obtained from Viebrock between 5:30 and 10 a.m. on January 14, after the defendant had only had one hour's sleep. The F.B.I., this agent further explained, had only included in the "confession" what it considered "pertinent to the investigation" and consequently had omitted a large part of the defendant's story from his "confession."

Movies Shown; Records Played

Another highlight in the trial was the alternate transposition of the large, nineteenth century courtroom, on the third floor of the Brooklyn Federal Court, into a moving picture theater and radio studio.

On April 23, the blinds were lowered, lights were turned off and F.B.I. men projected a hundred feet of film taken by Special Agent Joseph C. Holmes at Narrowsburg, Pa., last October. Not as thrilling as Hollywood releases, the picture lasted four and a half minutes and contained shots of some of the defendants shooting at targets on an old, dilapidated rifle range. There were also a few scenes of a moving freight train and some Pennsylvania bushes.

Next afternoon, the Government lawyers brought in a phonograph and 43 earphones and let the Judge, the jury, the defendants and defense counsel, listen in to 8 records of conversation recorded months ago in the home of Denis A. Healy, the prosecution's star witness. Amid a continual roar of static, scratching noises and other interference, the court heard the ghostly voices of some of the young defendants conversing over a dinner table about politics, the weather, food and other sundry topics.

Typical excerpts of what emanated from the earphones:

Denis Healy (the informer): "Take some potatoes."

John Viebrock: "Something has happened to Keegan. The kid is a little bit noisy and likes to blow his horn."

Healy (after a pause): "Bring some more whiskey."

Viebrock: "Let's have a quick one."

Parts of the records were unintelligible. F.B.I. men attributed the bad reproduction to the cold temperature in Denis Healy's unheated attic, where the records had been made while, down in the basement, a few of the defendants unwittingly talked a few feet away from a concealed microphone.

Defense May Call Columnist Winchell

The remainder of the trial last week was dominated by a dozen or more F.B.I. special agents, who corroborated testimony offered by previous Government witnesses and described the circumstances of the defendants' arrest.

Special Agent Arthur M. Thurston related how he had gone out to 3015 Farragut Road, Brooklyn, on the night of January 13, and had arrested defendants Cassidy and Viebrock. Particular emphasis was laid by U.S. Attorney Saver on the fact that Thurston had been equipped with a warrant and had later obtained written permission from Viebrock and his parents to search his house.

His direct examination finished, Agent Thurston denied Defense Attorney Healy's query that the F.B.I. had purposely withheld news of the defendants' arrest on Saturday night, January 13, "in order to allow columnist Walter Winchell to scoop Sunday newspapers the following evening."

Because of Mr. Winchell's inside knowledge (in his nation-wide broadcast on January 14, he was the first to release news of the arrests of the 16 defendants), the defense may subpoena the columnist and ask him to divulge his reported connection with the case.

Gold's Sentence: Year, $2,500 Fine

NEW YORK, N. Y.—Convicted of illegally restraining interstate trade, Ben Gold, Communist president of the International Fur Workers' Union, has been sentenced to spend one year in prison and pay a fine of $2500.

Gold's former co-worker, Welwel Warzsworer (Wiener) financial secretary of the Communist Party, is still at large while his attorneys are fighting a 2-year sentence for passport forgery.

Earl Browder, U.S. Communist chief who was convicted on a similar charge months ago, has also escaped the imposition of his sentence so far.

From the Tower . . .

(Continued from Page 3)

The importance of their speculation, and their tentative conclusions, is that they forgot partisan politics in the mossied seclusion of the Georgia resort and talked economics objectively.

"The identity of the conferees confers an unusual distinction on their views. Besides Mr. Young, who fathered the other war's reparations agreements, there were Robert E. Wood, of Sears, Roebuck & Co.; Thomas D. McCabe, of Chester, Pa.; Banker Frederic H. Curtiss, of Boston; Robert Lassiter, of Mooresville, N. C.; Frank H. Heely, of Atlanta, Ga.; William T. Nardin, of St. Louis; Dean Walter C. Coffey, of St Paul; James H Merritt, of Dallas—representative men with a vast stake in the existing economic system.

"Too many invisible factors underlie tomorrow for them to talk dogmatically, and there was no attempt to engage in anything more than speculation. Nevertheless, there was general agreement that the United States can readjust itself — though not painlessly—to changed conditions if future Administrations exhibit 'common horse sense.'

"In view of the fact that Britain is the world's greatest gold-producing nation, they professed little fear that John Bull would slip us the double-cross after having dumped the metal here at a highly artificial price. They agree—there was some dissent—that after the war the United States can return great gobs of gold as payment for goods which cannot be produced here. Uncle Sam, however, must frame future policies in accord with our prospective role as the world's only creditor nation. He must be willing to accept more foreign goods than he has ever been able to consume in the past. How that arrangement will affect domestic surpluses of products and labor is a problem for future statesmen to solve—if possible.

"Although every reciprocal trade agreement is now non-operative because of the war, they envisaged the Hull machinery as essential to preservation of economic sense. Only by an exchange of non-competitive commodities — rubber, tin, cocoa, jute, coffee, manganese, etc.—for our agricultural and manufactured stuff, can we liquidate our accumulation of gold and silver. That's the experts' blueprint for tomorrow. It's nice to know."

* * *

III

England's $10-Billion Budget

NOT MUCH publicity was given to the budget message presented to the British Parliament last week. However, realistic mathematicians were appalled at the $10-billion expenditure planned by Great Britain for this year.

We Americans — approximately 130-million—cannot sustain an $8-billion budget. According to Mr. Roosevelt's figure, we will fail to meet that obligation by more than $1-billion.

How can 45-million residents of England, Scotland and Wales face a $10-billion budget? Wages are lower in England than they are in the United States, and so is the national revenue. It appears that England is flirting with an equalitarian philosophy — a new name for financial totalitarianism.

* * *

IV

Insults Shrine Service

THE MAY, 1940, issue of the *Readers Digest* synopsizes an article from *Scribner's Commentator* by Mr. J. P. McEvoy.

This gentleman, as represented by the *Readers Digest*, says, in part:

"It was Friday evening and Father Coughlin was having one of his 'debates.' I took a seat in the church with some 2,000 others, mostly women. After a simple but impressive prayer service, Father Coughlin appeared, theatrically lighted in a high pulpit near the altar. Across the church another priest appeared in another pulpit, and Father Coughlin introduced him as the 'Devil's Advocate,' with whom he would debate.

"There was no debate. The Devil's Advocate declaimed with hysterical violence all the familiar anti-Semitic canards, from the discredited *'Protocols of Zion'* to the latest Goebbels handout. Father Coughlin's method of replying was not to question the authenticity of these inflammatory accusations, but to chide gently the 'well-meaning fervor' of his 'opponent.' Far from chastened, the Devil's Advocate waxed more violent as the debate progressed, closing with a fiery demand: 'What are we going to do about these atheistic Jews who deny Christ? What are we waiting for?' And when Coughlin inquired rhetorically, 'What would you do?' the Devil's Advocate screamed, 'Liquidate them!'

"The ominous growl of sadistic approval that went up from the simple housewives in the Shrine of the Little Flower of Jesus drowned out Father Coughlin's deprecating protest."

In the interests of truth, let me state the facts:

I consulted with the priests at the rectory, particularly Father Cyril Keating, relative to Mr. McEvoy's imaginative writing. We, the priests at the Shrine of the Little Flower, are unanimous in stating that Father Keating—the "Devil's Advocate," as Mr. McEvoy terms him—was not talking relative to the Jewish question on the evening referred to. (And it was Wednesday, not Friday!) We were discussing Communism.

The question was asked by me of Father Keating: "What would you do with the well-known, proven Communists in America?"

It is true that Father Keating did say: "Liquidate them." He merely said this according to a pre-arrangement with me to give me an opportunity to say that we should attempt to convert them and to remove the causes which beget Communists.

It is absolutely unjust and unfactual for Mr. McEvoy to append the words relative to "the ominous growl of sadistic approval that went up from the simple housewives in the Shrine of the Little Flower of Jesus drowned out Father Coughlin's deprecating protest." Probably, in our charity, Mr. McEvoy does not know the dictionary meaning of the word "sadistic" else he would not have used it. Nevertheless, he is unchivalrous, to say the least, in his veiled attack against the pious ladies who attended the Lenten devotions on that particular Friday night—ladies who conduct themselves, in church and out of church, in a manner most exemplary.

It is bad enough for Mr. McEvoy to attack me in his five-cent-per-word paid article. Must he now stoop to attack the Catholic laity?

That the pulpit at the Shrine of the Little Flower has been used by Father Keating or by any other priest to disclaim "with hysterical violence all the familiar anti-Semitic canards, from the discredited *'Protocols of Zion'* to the latest Goebbels handout," is a calumny which, as Pastor of this Church, I thoroughly resent.

For every professional writer such as the type of Mr. McEvoy attempting to discredit this sacred edifice, there are 10,000 devout Catholics who join with me in disqualifying his evidence.

* * *

V

Duff Cooper's 'Boner'

ALFRED DUFF COOPER, former war secretary and first lord of the British Admiralty, is reported in a London dispatch of April 23 (Associated Press) as follows:

"He called the nation to a total war against the whole German people —not only the Nazis—declared that the German people must be beaten in battle, and warned them that they need expect no sympathy if afterwards they came 'whining and groveling' as he said they did at Versailles."

Mr. Duff Cooper is a poor psychologist. His statement was carried in headlines, probably, in every German paper. The subjects of Adolf Hitler formerly not in sympathy with the Leader's policies, likely will put their prejudices in their moral pockets once they suspect that the law of self-preservation necessitates their banding together against a political or military or naval force determined to destroy them.

If, during the past several months, many German people were apathetic towards the Third Reich's policy of war, it is possible and probable that their apathy will be converted into a stern determination to carry on at all costs.

* * *

VI

Why Spare Russia?

AMERICANS MUST not be permitted to forget that England has failed to declare war on Russia.

Englishmen are very conscious of this failure; and English journalists have not failed to comment vigorously on this point.

The Weekly Review — an English publication just come to my desk—fearlessly writes in its February 22, 1940, edition as follows:

". . . It is the strong conviction of civilized Europe that the deadliest menace of today is the spread of Communism. Our action in taking up arms against Germany and refusing to do so against the U.S.S.R. gives neutral nations the impression that our aims are mainly selfish, and that it is not so much for the principle of freedom among nations that we are fighting, and in particular the reinstatement of Poland, as for ends into which rivalry with Germany largely enters.

". . . Unless this war is to fail in its main purpose—the resurrection of Poland and the liberation of the smaller countries from continual threat of aggression—the victory of the Allied Powers must be decisive. Such a decision seems improbable on the western front unless Germany attempts an attack upon the Maginot Line and fails; it must, therefore, be reached either from the north or in the east, and both of these ventures would implicate Russia.

". . . These are practical reasons, but there is another which completely overshadows them: the critical necessity of arresting Communism. If we fail in this, our victory over Germany will be fruitless. The intentions of Moscow have long been apparent: to await exhaustion that follows war, and then to light the fuse of treachery, diligently laid within the countries of the combatants during their period to effort, and so to blow to pieces the last barriers of decent civilized life."

Sisley Huddleston, writing in the February 29th edition of the English *Weekly Review*, says:

"We are fighting Germany not because we wanted to fight Germany, but because we proclaim ourselves champions of an international morality which Germany ruthlessly violated. But not more ruthlessly than Russia. There cannot be two sorts of international morality, and the Governments, having declared war on Germany, should not have hesitated in declaring war on Russia when Russia did precisely what they had condemned against a country they had sworn to defend."

* * *

VII

Total War and Chaos

ALFRED DUFF COOPER, referred to above, has advocated a total war against Germany.

According to *The Weekly Review* (an English publication) we read in its April 4, 1940 edition:

". . . If we are really attempting to wage total war we are in a position somewhat similar to that in which the new authoritarian governments found themselves in the early stages of their State building, and to some extent still find themselves. The money power and big business will have to be brought to heel.

". . . If we really wage total war, we are *ipso facto* cutting at the roots of our old life, not at all necessarily in the sense that we are plunging ourselves into an everlasting system of despotism (that is the Prussian result because Prussia desires it, but it is by no means a corollary of total war), but rather that the economic requirements alone of total war make impossible the continuance of the industrial-capitalist regime that we have become used to.

"Victory today necessitates total war; but total war (unless it is to end in chaos for the victors as well as for the vanquished) necessitates a concurrent reorganization for peace, and that peace can repose upon only one or the other of two foundations: either slavery, or else the widest possible distribution of responsibility among free citizens. There is no half-way house."

* * *

VIII

Federal Farm Holdings

SPEAKING before the House Committee on Agriculture, the Honorable James F. O'Connor of Montana discloses certain astounding data which should prove to be of interest to every patriot. He said:

"'Land owned by the Federal land banks and Land Bank Commissioner totals approximately 7-million acres. This is about two-thirds of 1 per cent (0.664 per cent) of all land in farms.

"'As of December 31, 1939, the Federal land banks and Land Bank Commissioner held 35,426 farms, including sheriff's certificates and involving an investment of $155,331,-139.' (Source of data: Bureau of Agricultural Economics, Farm Credit Administration.)

"'Holdings of three principal groups of non-Federal lending agencies (life-insurance companies, joint-stock land banks, and three State credit agencies) total about 21-million acres. This is about 2 per cent of all land in farms.' (Source of data: Bureau of Agricultural Economics, Farm Credit Administration.)

"'Foreclosure data not helpful in that farmer foreclosed upon may become renter on the same or another farm.

"'There is a net migration, however, from farms to cities. Farm population estimates for January 1, 1939,

(Continued on Page 16)

Highlights of the Broadcast

Who Owns the Federal Reserve Banks?

Excerpts from Father Coughlin's Broadcast on Sunday, April 28; No. 5 in a New Series of Lectures on Money and Banking

IN THIS FIFTH lecture it is appropriate to return to the question of who owns the Federal Reserve Banks.

Bear in mind, I am not discussing who owns and controls the Federal Reserve Board—a commission, as it were, appointed by the President of the United States with the consent of the Senate to supervise the activities of the Federal Reserve Banks and the Federal Reserve System.

The question, I repeat, is: "Who owns the Federal Reserve Banks?"

I return to this question as a result of an address delivered in Detroit on Monday, April 22, 1940, by Ernest G. Draper, a member of the Federal Reserve Board.

The ownership of the stock of the Federal Reserve Banks is specifically discussed and detailed in Section 5 of the *Federal Reserve Act as* amended to July 1, 1933.

This Section of the *Federal Reserve Act* was not affected or amended by the *Banking Act of 1935* or thereafter, up to and including this date, April, 1940.

From its reading no mention whatsoever is made to the effect that the Government or any branch of Government owns any Federal Reserve Bank stock. Specific mention is made of the member banks—approximately 15,000 of them—indicating they own all the stock of the Federal Reserve Banks.

Federal Reserve Official Quoted in a Denial

Permit me, at the outset, to quote from an article printed in *The Detroit Free Press* on Tuesday, April 23, 1940, relative to Mr. Ernest Draper's statement. It reads as follows:

"Ernest G. Draper, of Washington, a Federal Reserve governor, denied in Detroit Monday that there was any semblance of private ownership in the conduct of the Federal Reserve System. Draper addressed the Detroit Economic Club in the Hotel Statler.

"'That is simply an erroneous statement,' he asserted. 'The Federal Reserve system is under supervision of a board of seven governors appointed by the President and serving specific terms, during which members may serve no other interest.

"'They are truly working in the public interest. The Federal Reserve exercises a regional control of banking, under supervision of this board of governors'."

Thus, according to *The Detroit Free Press*, a member of the Federal Reserve Board denied that there was any semblance of private ownership in the conduct of the Federal Reserve System.

Ohio Congressman Describes Set-Up

According to the *Congressional Record* of May 8, 1935 (p. 7456) we read the following statement made in a radio address by the Hon. John B. Hollister, Representative from Ohio and ranking member of the House Banking and Currency Committee. In discussing the *Banking Act of 1935*, this Congressman said:

"The act further divided up the country into 12 Federal Reserve districts, each established to cover as well as possible an area which was reasonably compact from a business point of view. One Federal Reserve Bank was established in each district, and all banks which cared to do so became members of the Federal Reserve System and took stock in the Federal Reserve Bank of their district. These member banks elected two-thirds of the board of directors of their regional bank, while the other one-third was named by the Federal Reserve Board, thus giving the central board considerable voice in the activities of the regional bank, and yet leaving major control in the hands of the banks whose money had gone to supply the capital of these regional banks.

Glass and Morgenthau Discuss Ownership

According to the *United States Senate Hearings on the Banking Act of 1935*, (p. 507), we read the following testimony relative to the ownership of the Federal Reserve Banks. Senator Carter Glass and Secretary of the Treasury Morgenthau are discussing the question of the ownership of these banks:

"Senator Glass: Do you think the Government, without one dollar of proprietary interest in the Federal Reserve banking system, should be authorized, without restraint, to loan the money of the System in open-market operations?

"Secretary Morgenthau: Senator, I happen to belong to that school that thinks that the Government should own the stock of the Federal Reserve System; and then it would have that right.

"Senator Glass: You belong to the school that believes the Government should own the stock?

"Secretary Morgenthau: Yes.

"Senator Glass: That is a different proposition. I am asking you if the Government, ***which does not own a dollar of pecuniary interest in the system,*** with the assets acquired over a period of 20 years by the exercise of banking skill—that the Government which has no pecuniary risk at stake should be permitted to spend other people's money without any restriction?"

In this testimony both Mr. Glass, the outstanding financial authority in America, and the Secretary of the Treasury agree that the Federal Reserve Banks are private corporations in that the Government does not own any stock in them; in that the Government has not one dollar of proprietary interest in the Federal Reserve Banking System which the Board is supposed to control.

Transfer of Ownership Discussed at Hearing

On page 77 of the same Government document — the *Senate Hearings on the Banking Act of 1935*— Mr. James P. Warburg, vice chairman of the Bank of the Manhattan Company, New York, and Senator Carter Glass are discussing the ownership of the Federal Reserve Banks (Mr. Warburg speaking):

"Lest I be accused of opposing 'nationalization' of the banking system for reasons of self-interest and in order to keep the control of the banking system in the hands of private bankers, permit me to draw your attention to two proposals I made to this committee when testifying on the *Gold Reserve Act* in January, 1934.

"One was to transfer the ownership of the Federal Reserve Banks from the commercial banks to the general public. This is certainly not pleading for bankers' control of the Federal Reserve System. I believe that the Federal Reserve Banks should belong to the people, but that is a very different thing from making them the tools of political government while leaving the ownership where it is in the commercial banks of the country.

"Senator Glass: You recall, Mr. Warburg — to interrupt you — that there was a serious proposal at the time the *Federal Reserve Bill* was before Congress, to permit the people to subscribe for stock; in fact, that is embodied in the *Federal Reserve Bill* contingent upon the failure of the banks to subscribe the stock, the people were authorized to make subscriptions to the stock.

"Mr. Warburg: Yes, sir.

"Senator Glass: That is a part of the existing *Federal Reserve law.* But the banks very quickly — although they said they would not— very quickly subscribed to the stock."

From this testimony Mr. Warburg admits that the Federal Reserve Banks are privately owned; and Senator Carter Glass, referring to the *Federal Reserve Act* which created the Federal Reserve Banks, emphasizes the point that the stock in the Federal Reserve Banks is not owned by the general public but was very quickly subscribed to by the owners of the private banks.

Bill to Give U. S. Ownership Was Defeated

Again on page 284 of the same document — *Hearings before the United States Senate on the Banking Act of 1935*—we read the following conversation engaged in by Senator Carter Glass and Governor Eccles of the Federal Reserve Board:

"Senator Glass: Are you in favor of a Government central bank?

"Governor Eccles: No; not in the sense that we should transfer the ownership of the stock of the Reserve Banks to the Government and create one bank.

"Senator Glass: Why not? Are you in favor of Father Coughlin's bank bill?

"Governor Eccles: No; I am not.

"Senator Glass: Why not?

"Governor Eccles: Well, I do not think it is a practical arrangement. It seems to me that the question of the ownership of the stock in and of itself is not the vital matter; whether the Government owns the stock or the private banks own the stock, there must be management; there must be provision for the selection of directors of the respective banks. It seems to me that the powers that are given those charged with responsibility for management is the important matter, rather than the question as to who may own the stock . . .

"Senator Glass: And it ought to have a proprietary interest, I would say an exclusive proprietary interest in the money that is to be loaned to business, of whatever nature; is that not so?

"Governor Eccles: That is correct."

In the above statement Governor Eccles does not see why the Government should own stock in the Federal Reserve Banks.

I may interpose the thought at this juncture that in 1935 I was responsible for introducing ***a bill to provide for the ownership of the Federal Reserve Banks by the Government***—a bill which also provided for the ownership of the private local banks by private individuals. Needless to say, that bill, known as the *Nye-Sweeney Bill*, was defeated!

Constitutional Control of Money Abrogated

As I view the *Federal Reserve Act* as amended by the *Banking Act of 1935*, it permits the Federal Reserve Banks to retain the private ownership of the banks but legislates a control over these banks directly, and over the 15,000 or more member banks indirectly, in such a manner that it practically establishes a totalitarian system of finance in the United States — totalitarian in the sense that it places in the hands of one man — the President of the United States, with the consent of the Senate, power of appointment to the Federal Reserve Board which, in turn, obligates the privately owned Federal Reserve Banks to purchase available bonds.

Congress has the right, according to the *Constitution*, to coin and regulate money; the power to coin is a great power. But the power to regulate is a greater power. Now, in having handed over to the Chief Executive the power to regulate as contained in his power to appoint a Board with the consent of the Senate, and the Board's power, in turn, to pyramid inflationary credit money, it appears to me that the *Constitution*, in this respect has been abrogated.

In the opinion of many persons, and according to testimony woven throughout the entire *Hearings on the Banking Act of 1935*, this law practically gives dictatorial powers to the President, operating through the Federal Reserve Board, to force the 15,000 or more member banks of the Federal Reserve System to engage in the credit inflation such as we know it with the $45-billion of Federal bonds bearing interest—bonds and interest upon which the vast bulk of our money is predicated; money which comes into the stream of circulation with a tax-tag appended to it. And these bonds on which interest is charged—far more than $1-billion of interest a year—must be liquidated by the taxpayers.

To my mind, the entire process is ludicrous insofar as the people of America must hand out a billion dollars and more per year for the privilege of getting money into the stream of circulation—a billion and more dollars per year to the private owners of the Federal Reserve System and others.

EDITOR'S NOTE: Complete copies of this broadcast, as well as the entire series on money and banking, may be had by writing directly to Father Coughlin at Royal Oak, Michigan. The current series of lectures is tremendously important. For veteran readers of SOCIAL JUSTICE the subject matter may often appear to be elementary and repetitive. But for literally thousands of intelligent persons these disclosures are new and startling revelations. For the sake of these Americans, the repetition of these reiterated facts about money is justified; for the rest of us, they afford a valuable review of the subject.

An Analysis of Interest

Some Economic Concepts of the Theologians

By REV. JAMES McSHANE
St. Marys College, St. Marys, Kansas

SOCIAL JUSTICE herewith presents the second instalment of Father McShane's informative discussion of Usury. This article, together with its predecessor (SOCIAL JUSTICE, April 29), provide a valuable complement to Mr. Ward's recent series on the same subject.

Part Two

MEN LIKE Cajetan, Laynez, De Lugo, Molina, and Canisius severely restricted the application of the title *"foregoing profit."* In order to seek compensation for loss of profit a man must show an actual loss, not an imaginary one.

Cajetan compares the lender to a man who sells a field. If he has put no seed in the ground he can make no charge for giving up the profit of a possible harvest. He can charge more in proportion as the crop is farther advanced: planted, half grown, or fully grown.

Laynez puts down similar conditions: the profit given up must be real, not fictitious, must not exceed the real loss, and must be diminished in so far as possible profit is of less value than profit already realized.

Laynez and De Lugo apply the same test to see whether the loan causes loss of profit. If a man lends $2 and keeps $100 in a safe place without investing it, he is obviously not foregoing any investment on account of the loan. Cajetan, Laynez, De Lugo, Molina, and Canisius all put down the condition that the loan be the cause of the loss; otherwise the claim of foregoing profit is no good.

As a consequence, St. Peter Canisius was against the so-called triple contract as a method of contracting for a 5 per cent income. He heard the argument that the triple contract included a contract of partnership, 5 per cent interest, and a contract obliging the borrower to repay the whole of the principal at the will of the lender. He could not see that the partnership agreement made the interest licit, and the reason is clear enough. It is essential to a loan that the borrower be obliged to pay back the whole of the principal; it is equivalent to a mortgage in so far as the lender can have borrower's property sold to satisfy the debt. It is essential to partnership that the partner can claim only a *pro rata* share of the assets belonging to the enterprise. In one form of the triple contract the partnership agreement had no effect at all. It was nullified by the contract of the borrower to pay back the whole principal regardless of his success in business at a set time or at the will of the lender. The partnership agreement was simply a disguise, and did nothing to make the interest licit.

Interest Forbidden As Fictitious Profit

The confusion of partnership and loan was not confined to the time of Canisius. In a period of rapid expansion the burden of interest charges is not felt so much. In our day we see the difference more clearly, for we see the need for flexible dividend payments rather than fixed charges.

Some great theologians of the sixteenth century forbade interest taking on the ground of a fictitious and excessive claim to profit. They were by no means unacquainted with the world of business. St. Peter Canisius was confessor of the Fuggers, the family most prominent in European finance; Molina was well acquainted with economic problems, such as the effect of gold imports on the quantity of money. Few realize that the modern theory of the quantity of money, in its essentials, was discovered by one Nicholai Oresme by 1383.

Father Laynez saw that great evils came from foreclosing and selling the property of the poor—evils all out of proportion to the amount of money involved. He saw that basic production and consumer buying was cut down; that prices were raised excessively; and that class hatred was fostered, and disruption of the economic order was begun. When he allowed the claim *"foregoing profit"* as a claim to interest he hedged it 'round with severe restrictions: Mr. Jones could use the claim if he had money in a productive enterprise and had to withdraw that "active" money to make the loan. If, however, Mr. Jones' money was always kept idle and never risked in business, the lender could not claim he was *"foregoing profit."*

St. Thomas in the thirteenth century had said that *"foregoing profit"* was no valid claim because the owner of the money was giving up only a possible profit—one that he might be prevented from earning in many ways. Shareholders, on the other hand, have a right to share in actual profits.

Lender Is Presumed to Deprive Self of Gain

Both writers pointed out a safe line of thought. The total amount of money paid to obtain capital funds does not exceed the total income of a firm when funds are obtained from shareholders. The title *"foregoing profit"* was seen to be a dangerous one, likely to cause too heavy a drain on the total income of business firms.

Cardinal Van Roey has suggested that the lender is presumed to give up a profit. Quite possibly that presumption was correct in his day. It may be that the necessary conditions were fulfilled; that great tracts of rich land were given away, natural resources developed, population doubled, and so on. No doubt the necessary amount of money was increased in one way and another to meet the needs of expansion in trade.

Today, we do not have the assurance of all this expansion. About 60,000 fewer babies are born every year; as to the amount of money, a few years ago we saw the Government suddenly and sharply decrease available bank deposits by raising reserve requirements. Before that, banks drastically decreased deposits when they called in loans. Compared with the last century, our commercial world is static rather than expanding. Besides that, we all see a considerable concentration of control and income in industry. A few companies (1,350 out of 300,000) take in most of the nation's income. These figures of Mr. E. D. Kennedy have been said to be conservative. My conclusion is that "presumption of profit" and application of the title *"foregoing profit"* need to be reconsidered, and in all probability, restricted.

Modern Theologians Support View

Is there any statement in the more modern theologians which will serve as a basis for such restriction? It seems to me that there is. Such writers as Merkelbach, Prummer, and Vermeersch after presenting a lender's claims add a reservation to the effect that the lender may not make these charges if they are based on the borrower's need, especially his dire need, and the superior economic position of the lender. In a system where 1 per cent of the banks control 50 per cent of the funds, it would seem likely that some interest charges are based on the superior position of the lender.

An editor of the *Wall Street Journal* believes that interest charges have become a burden. He is quoted in the month for September, 1933, page 224: "Until very recently it has been generally assumed that, in our modern economic system, there was practically no assignable limit to the capacity of new capital invested in productive plant, to fructify; that is, to yield a return out of which interest could be properly paid . . . the world assumed that 'nature' could be made to yield compound interest at a reasonably generous rate, and therefore, it could safely go into debt in continually increasing amounts. I suggest that one of the great lessons of this depression is that this assumption is not true, and that one of the principal causes of the depression—perhaps the dominant cause—is the weight of sterile debt accumulated during the great war and afterwards. It seems to me that 'nature'—by which I mean the general order of things—is more severe upon usury than was the Church. The Church merely condemned the interest . . . but 'nature' condemns as well such use of the principal . . . recurring panics and depressions represent periodical audits, when we stop to take account of our position. One notable feature of all such audits is the wiping out of a mass of debt. This we call 'liquidation.' Never in the history of the modern world has there been outstanding so enormous a volume of debt and probably never has so large a portion of that debt been in fact barren (because it represents no fructifying capacity) as is the case today."

Is He Really Stepping Out This Time?

—Cartoonist Ray in Kansas City Star

Responsibility in Scandinavia

Fool me once—your fault!

Fool me twice—my fault!

In such language an American Indian is reputed to have resisted the second approach of the white confidence man who would bunco him.

Britain's promise to Ethiopia was unfulfilled.

Britain's promise to Austria was unfulfilled.

Britain's promise to Czechoslovakia was unfulfilled.

Britain's promise to Poland was unfulfilled.

Britain's promise to Finland was unfulfilled.

When England broke the Law of Nation's in mining the neutral waters of Norway's coast, Germany went into Norway. According to the White Book, she had notice that the Allies planned to do that very thing.

The lesson is obvious. You cannot continue to fool even an Indian. To trust Britain becomes the fault of nations.

Part IX in Guild Series

THE GUILDS IN GERMANY and the Low Countries

Many Regulations for Social Welfare Grew Out of Associations of Europe's Workers

By LOUIS B. WARD
Editorial Director of SOCIAL JUSTICE

IN NORTHERN Europe the *gilde* or the *hilde* denoted a corporation or an association of men in the same community, vocation or profession.

There was a fundamental difference between the guilds in the low countries of Germany and those of France. There was a great weakness in the guilds of France; namely, that of non-participation in politics. Expert as they were in the fundamentals of the guild system, that is, the unification of the economic, the social and the religious elements of life, the guilds suffered, in France, because they refused to proclaim their political rights and became subject alike to feudal lords and king.

No similar situation existed in either the German States or the Low Countries. The historic truth is that the guilds started with the establishment of the free municipalities which granted their charters as the foundation of economic, social and religious freedom.

That the emphasis was on political freedom may possibly account for the tardy development of the Northern guilds for, frankly speaking, they were less medieval than modern. There are two reasons for this situation: One is, as we have indicated, that the free municipalities came first. The second reason is concerned with the historic fact that the artisans and artists of the Low Countries and of Germany were developed to a far greater extent within the municipalities' walls than without those walls.

Some Examples of Early German Guilds

The Watermen of Germany, located in the city of Worms, founded their guild in the year 1106. The Shoemakers of Wurzburg incorporated in 1112. The Weavers of Cologne formed their association in 1149. The Shoemakers of Magdeburg in 1158. These were examples of early medieval guilds, but it was not the Watermen nor the Shoemakers that distinguished the guilds either of Germany or the Low Countries.

The early guilds were, in the main, devoted to the textiles. The textiles of the North included both linen and wool. At Ulm, 200,000 pieces of linen alone were prepared in a single year.

In 1466, there were recorded the names of 743 Master Weavers at Augsburg. The textiles represented the dominant industries of the North with the crafts divided in all larger cities between the workers on linen and the workers on wool.

In turn, the woolen workers were separated into the makers of fine Flemish or Italian goods, linen and lace, and the workers on the coarse homespun of the people.

Other crafts were extremely important. The Tanners and the Furriers carried on their trades as workers in leather and in textile. The Furriers, for example, included the Shoemakers, who, of course, worked in leather. But over and above these, the name Furrier included the Tailor, the Glovemaker and the Stocking Knitter in the organized crafts of that far-off day.

The Shoemakers represented the distinct division of labor between the Neumeister, who was the maker of new shoes, and the Cobbler and Slipper maker, the one who worked on shoe repair and the other whose work did not give him the dignity of a Neumeister.

Craft Distinctions Became Diverse

Distinctions in the trades were even more precise when it came to the metal workers. Here we find separate guilds for the Farriers, the Knifemakers, the Locksmiths, the Chain Forgers and the Nailworkers.

The Armorers had their guilds separate and distinct, namely, the Helmet makers, the Escutcheon makers, the Armor polishers and, in some cities of the Low Countries, a separate guild was maintained for each article produced for a suit of Armor.

In the raw material trades, naturally, the miners were of utmost importance to the economic organization of the day. Modern codes could well be predicated upon the thoughtful by-laws of the medieval Mine Guilds with the emphasis upon the value of human life.

The guild protected the life and the wealth of the miner. Rules and regulations provided for hygienic working conditions, full precaution against accident, the bathing house for cleanliness, the eight-hour day to be spent within the mine to protect against the carelessness due to fatigue.

At home the necessities of life were provided through price fixing and a scale of wages was set up to make the business of mining profitable.

Guild Regulations and the General Welfare

In addition to all economic regulations came the general guild ordinances providing for the care of the sick and unfortunate with the entire system of corporal and spiritual works of mercy co-ordinated with the social and economic principles of the guild system.

Germany and the Low Countries had the same general organization as the rest of Europe. They were divided into Masters, Journeymen and Apprentices with fully equipped courts of justice completely independent of public law as respects the private concerns of the guild. In respect to those private concerns the guilds drafted their constitutions and by-laws and submitted their statutes and ordinances to the municipal authorities who co-operated with them fully in fair trading practices.

With respect to the raw materials, the guilds of Germany and the Low Countries established what we call today co-operative buying, so that the producers of linen and of wool, of leather, of metal, recognized that if they cared to sell they would sell at the guilds' terms. These terms were fair terms, recognizing the same standard of living for the producers of raw materials as the guild members cared to maintain for themselves and their families.

Religious Influence Due to Monasteries

The religious influence upon the guilds grew out of the fact that the artisans of the Northern countries were, as we have said, usually contained within the monasteries' walls. For centuries, of course, Benedictineism was the law and order of Christian Europe. Thirty-five thousand monasteries of the Benedictine Order dotted the European nations.

In the Low Countries "labor and prayer" were the complementary concepts of medieval life. *"Laborare est Orare"* was never said in vain, and in the medieval guild system work was respected as the complement of prayer. In the guild labor and religion were united.

In an old book entitled, *"The Christian Admonition,"* we find the language: "Let the societies and brotherhoods so regulate their lives according to Christian love in all things that their work may be blessed. Let us work according to God's law, and not for reward, else shall our labour be without blessing and bring evil on our souls."

Hospitals and Charities Supported by Guilds

Out of this combination of labor and religion came the early philanthropic institutions of the North. St. Job's Hospital, for example, was founded in Hamburg in the year 1505 by the guilds of fishmongers, the shopkeepers and the hucksters. In America, today, there is not a guild of fishmongers, nor a guild of shopkeepers and, certainly, not a guild of hucksters. Yet the unfortunate victims of smallpox were isolated in St. Job's because of the charity of the association or guild organization of these men.

The benevolent association was a product of the guilds. Seventy of these existed at one time at Lubeck and they carried on their charities because they had the medieval concept of property. As they grew successful, they recognized that they were not the owners, but only the trustees of the surplus that was given them and they spent that surplus for the care of their fellowman.

In all the cities of the Low Countries workingmen's groups were established. These were not guilds, but simply groups for the journeymen. The journeyman was never away from home as he travelled. He could present his card and gain admission to his club. He received at the club the facilities of food and shelter and there he was organized to battle against the inroads of government upon the ancient freedoms of guilds.

Merchant Guilds Covered Europe

The merchant guilds were of importance in the North. They were given the name *"Hansa."* The *"Hansa"* was extended to the foreign cities. In London, for example, they had affiliated to it the merchant guilds of Bristol, York, Ipswich, Norwich and Hull.

The merchant guilds extended their members throughout Europe. For instance, the Russian guild was at Novgorod, the Scandinavian guild at Wisby, in the island of Gothland, and the *"Komtoor"* was located at Bruges.

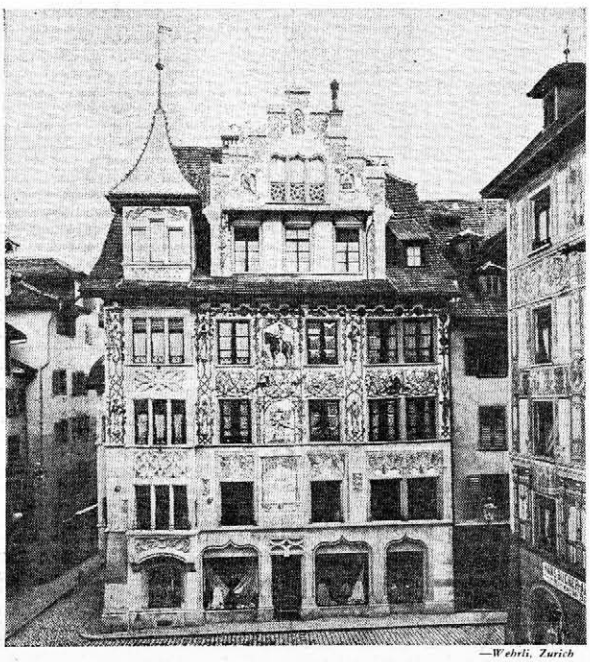
The guild at Bruges, for example, was divided into three branches; one of which covered the Slavonic peoples as well as the Saxons. The second covered Prussia and Westphalialand, and the third, Scandinavia. The last, or Scandinavian guild, was named the *Society of Merchants of the Holy Roman Empire.* This preceded the founding of the *German Hansa* or *Hanseatic League* which at one time embraced ninety cities with Danzig, the most important.

From that city of Danzig, in 1481, more than 1,100 ships sailed for Holland. They sailed in flotillas of from thirty or forty craft with armed ships escorting them for protection. The *Hanseatic League* lasted for four centuries with its last meeting in 1669.

Story of Hanseatic League Still to Be Told

No one knows or has yet written upon the contributions of the *Hanseatic League.* Students of foreign trade refer to it, of course, consistently as they trace its dealings with the trading centers, even of the Mediterranean. Irish students know, of course, that the harbors upon the

(Continued on Page 16)



—*Wehrli, Zurich*

The Dornacherhaus is one of the finest specimens of the many beautiful painted houses one finds in old Lucerne, Switzerland.

Lansing Documents Tell Startling Story

Europe's War Financing Must Not Repeat Country's Experience in 1915

READ IN THE cold light of history, the intimate exchange between the private bankers and the Administration, in the matter of financing European nations in the World War—as disclosed in the published papers of Robert Lansing, President Wilson's Secretary of State—is startling, not to say sensational, reading.

The incident of the "Delano letter" is disclosed in this week's instalment of the documents. Especially interesting is President Wilson's confidential memo to the State Secretary; namely, that the information requested by the bankers "should be orally conveyed, so far as we are concerned, and not put in writing"!

"841.51/266

"The Secretary of the Treasury (McAdoo) to the Secretary of State

"North Haven, Maine,
August 23, 1915.

"Dear Mr. Secretary: I enclose copy of a letter from James B. Forgan, of Chicago, to Vice-Governor Delano, of the Federal Reserve Board, in reference to the matter of foreign loans in this country. The foreign exchange situation is so serious that it may become imperative for some of the foreign governments to establish credits in this country in order that they may continue to purchase freely our farm products and other supplies. The attitude of the Government, as expressed in the letter of Secretary Bryan to Senator Stone, January 20th, 1915, may seriously embarrass the creation of such credits in favor of foreign governments as are needed to enable them to continue their purchases in this country. Germany, by the way, disregarded this letter and placed more than ten million of short-time notes in this country through Chandler Brothers, of Philadelphia. It is not my purpose, however, to discuss that; I only mean to direct your attention to the importance of giving very serious thought to the points raised in Mr. Forgan's letter. I have always felt that it was a mistake for our Government to discountenance in any way the establishment of credits in this country in favor of foreign governments, such credits to be employed in purchasing supplies in this country. It seems to me entirely inconsistent to say that the purchase of our farm products and manufactured articles and other supplies by foreign governments is lawful and to be encouraged, and then to say that we discourage and discountenance as being unneutral the credit operations which are an essential part of such transactions.

"I merely desire to call your attention at the moment to the seriousness of the question and to say that I hope no action will be taken that will add to the embarrassments of the situation by reaffirming or emphasizing the position taken in Mr. Bryan's letter of January 20th, last, until I have had an opportunity to discuss this with you and the President.

"I shall certainly be in Washington on the first of September—maybe sooner. I look forward with pleasure to seeing you then."

With warmest regards (etc.)

W. G. McAdoo

Chicago Banker Asks About Government Policy

(Enclosure)

"The President of the First National Bank of Chicago (James B. Forgan) to the Vice-Governor of the Federal Reserve Board (F. A. Delano)

"Chicago, August 17, 1915.

"My dear Mr. Delano: I want to get some information for a very confidential purpose and it has occurred to me that you may be in a position to help me secure it.

"It is, to put it bluntly; I would like to know what the attitude of the government administration in Washington would be towards the flotation of a large British loan in this country. Sometime ago I remember seeing in the press that the State Department had discouraged New York bankers on a proposition to float a British loan in this country, but at the same time it was stated that it was not within the province of the government to veto such a transaction. It would seem to me that the present condition of international exchange would deter the government from entering any objection to the flotation of such a loan in this country, or to the sale by Great Britain of American securities in this country. One or other of these transactions would seem to be a business necessity at the present time. As I am in a bit of a hurry to get the information I would appreciate a telegram indicating what you believe the government's attitude would be. You might send me one of the following telegrams to indicate which of the positions you think the government would take in regard to the flotation of a large British loan in this country and I will understand your meaning:

"1. Parties would be favorable to and would encourage such a transaction.

"2. Parties would take no action either for or against such a transaction.

"3. Parties would discourage such a transaction but would not offer any active interference with it.

"4. Parties attitude would be such as to make such a transaction practically impossible."

With kind regards (etc.)

James B. Forgan

Inquiry Passed On to Lansing

"841.51/22

"The Governor of the Federal Reserve Board (Hamlin) to the Secretary of State

"Washington, August 24, 1915.

"My Dear Mr. Secretary: I beg to enclose a copy of a letter from Mr. James B. Forgan, President of the First National Bank of Chicago, to Hon. F. A. Delano, Vice Governor of the Federal Reserve Board. As the matter referred to is one of Governmental policy, I beg to ask you to read it, sending me any reply you may care to make, which I will forward to Mr. Forgan."

Very respectfully yours,

C. S. Hamlin

"841.51/266

"The Secretary of State to President Wilson

"Washington, August 25, 1915.

"My Dear Mr. President: As the letter of Mr. James B. Forgan, which is enclosed to me by Mr. Hamlin, deals directly with the general policy of the Government I feel that before answering it I should be advised as to your wishes. I therefore enclose Mr. Hamlin's letter and a copy of Mr. Forgan's.

"I think we must recognize the fact that conditions have materially changed since last autumn when we endeavored to discourage the flotation of any general loan by a belligerent in this country. The question of exchange and the large debts which result from purchases by belligerent governments require some method of funding these debts in this country."

Faithfully yours,

Robert Lansing

Tell 'Em, but Don't Write It, Wilson's Advice!

"841.51/266

"President Wilson to the Secretary of State

"Washington, 26 August, 1915.

"My Dear Mr. Secretary: My opinion in this matter, conpendiously stated, is that we should say that 'Parties would take no action either for or against such a transaction', but that this should be orally conveyed, so far as we are concerned, and not put in writing.

"I hope that this is also your own judgment in the matter."

Faithfully yours,

W. W.

"841.51/266

"The Secretary of State to the Secretary of the Treasury (McAdoo)

"Washington, August 26, 1915.

"My Dear Mr. Secretary: Mr. Hamlin sent me a copy of the letter of Mr. James B. Forgan which you enclosed to me in your letter of the 23d. I sent the letter to the President on the 25th, a copy of my letter to him is enclosed, and I also enclose his reply of today.

"I have read your comments upon the matter of loans to belligerent countries and must say that I concur in your opinion—in fact, from the outset, I have held that opinion of such transactions viewed from the legal standpoint rather than from the standpoint of expediency.

"While the President did not authorize me to send a copy of his communication to you I feel that he would wish you to know his position."

Faithfully yours,

Robert Lansing

Mr. Lansing Reviews Situation

"811.51/2624a

"The Secretary of State to President Wilson

"Washington, September 6, 1915.

"My Dear Mr. President: Doubtless Secretary McAdoo has discussed with you the necessity of floating government loans for the belligerent nations, which are purchasing such great quantities of goods in this country, in order to avoid a serious financial situation which will not only affect them but this country as well.

"Briefly the situation, as I understand it, is this: Since December 1st, 1914, to June 30, 1915, our exports have exceeded our imports by nearly a billion dollars, and it is estimated that the excess will be from July 1st to December 31, 1915, a billion and three quarters. Thus for the year 1915 the excess will be approximately two and (a) half billions of dollars.

"It is estimated that the European banks have about three and (a) half billions of dollars in gold in their vaults. To withdraw any considerable amount would disastrously affect the credit of the European nations, and the consequence would be a general state of bankruptcy.

"If the European countries cannot find means to pay for the excess of goods sold to them over those purchased from them, they will have to stop buying and our present export trade will shrink proportionately. The result would be restriction of outputs, industrial depression, idle capital and idle labor, numerous failures, financial demoralization, and general unrest and suffering among the laboring classes.

"Probably a billion and three quarters of the excess of European purchases can be taken care of by the sale of American securities held in Europe and by the transfer of trade balances of oriental countries, but that will leave three quarters of a billion to be met in some other way. Furthermore, even if that is arranged, we will have to face a more serious situation in January, 1916, as the American securities held abroad will have been exhausted.

Bryan Neutrality Handicap to Loans

"I believe that Secretary McAdoo is convinced and I agree with him that there is only one means of avoiding this situation which would so seriously affect economic conditions in this country, and that is the flotation of large bond issues by the belligerent governments. Our financial institutions have the money to loan and wish to do so. On account of the great balance of trade in our favor the proceeds of these loans would be expended here. The result would be a maintenance of the credit of the borrowing nations based on their gold reserve, a continuance of our commerce at its present volume and industrial activity with the consequent employment of capital and labor and national prosperity.

"The difficulty is—and this is what Secretary McAdoo came to see me about—that the Government early in the war announced that it considered 'war loans' to be contrary to 'the true spirit of neutrality.' A declaration to this effect was given to the press about August 15, 1914, by Secretary Bryan. The language is as follows: 'In the judgment of this Government loans by American bankers to any foreign nation at war is inconsistent with the true spirit of neutrality.'

"In October, 1914, after a conference with you, I gave my 'impressions' to certain New York bankers in reference to 'credit loans,' but the general statement remained unaffected. In drafting the letter of January 20, 1915, to Senator Stone I sought to leave out a broad statement and to explain merely the reasons for distinguishing between 'general loans' and 'credit loans.' However, Mr. Bryan thought it well to repeat the August declaration and it appears in the first sentence of division 13 of the letter, a copy of which I enclose.

"On March 31, 1915, another press statement was given out from the Department which reads as follows:

"'The State Department has from time to time received information directly or indirectly to the effect that belligerent nations had arranged with Banks in the United States for credits in various sums. While loans to belligerents have been disapproved, this Government has not felt that it was justified in interposing objection to the credit arrangements which have been brought to its attention. It has neither approved these nor disapproved—it has simply taken no action in the premises and expressed no opinion.'

Lansing Sees Need for Policy Revision

"Manifestly the Government has committed itself to the policy of discouraging general loans to belligerent governments. The practical reasons for the policy at the time we adopted it were sound, but basing it on the ground that loans are 'inconsistent with the true spirit of neutrality' is now a source of embarrassment. This latter ground is as strong today as it was a year ago, while the practical

(Continued on Page 16)

American Agriculture Needs Its Own Bank

Deserves Same Facilities of Financing Now Available to Manufacturer

AN ORGANIZED financing of agriculture is one of the outstanding problems of American economic life. With the thousands of bank failures in the rural areas of America during the decade 1920-30, followed by the closing of all the banks of the country in the financial debacle of 1933, banking has virtually become concentrated in the large cities and thus, more than ever, is agricultural financing a need.

The obvious truth of this last statement is found in the rise and growth of Government financing, not only of the farm mortgages of the nation but of every farm operation from seed to crop loans. We have every element of a central farm bank of the United States except organization.

The land and buildings of the farms of the United States are evaluated at some $33-billion. In 1920, these same lands and buildings were evaluated at $77,900,000,000.

The farm depression occurred in 1921, when the policies of the Federal Reserve Banks, under the leadership of W. P. G. Harding, created a depression. By 1925 the value of the land and buildings had declined to $57-billion, by 1930 to $47,800,000,000, by 1934 to $37-billion, and by 1935 to $32,884,000,000.

Investment Has Shifted From Farms

Any insurance man is probably familiar with the old charts sent out by the various companies to their agencies. It was simply an outline map of America with a great red heart in the center of it showing that the insurance funds of the widow and the orphan were invested in the choice farm lands of the midwest.

Today, the insurance companies have shifted their investments away from the first mortgages on this priceless national asset, while the Government has been compelled to step in and now is the holder of 38 per cent of the first mortgage farm debt of the nation.

The operating capital, consisting of producing livestock, machinery and implements, vehicles of transportation and general farm equipment, formerly was carried at approximately 80 per cent of the appraisal of land and buildings. Thus in 1920 the operating capital of the farms was slightly in excess of $60-billion. It declined by 1926 to $43-billion and stands today slightly in excess of $25-billion.

The third item which should be considered is operating expense. This includes the cash paid out by the farmer and in the present ruinously low markets amounts to approximately $1,700,000,000 against the normal item of $2,900,000,000.

The fourth item is real property taxes which amount today to approximately $400-million.

A fifth item is wages paid farm labor. This item should amount normally to a figure in excess of $900-million.

With these items in mind some conception of the tremendous problem of financing the farm picture is available. ***The mere raising of farm income is not alone a solution to the farm problem any more than high levels of production and sales are in themselves a solution to the manufacturer's problem.***

Farm Has Same Needs as Industry

Even granted that markets existed at favorable prices the farmer is confronted with the identical element in modern business that the manufacturer is confronted with, namely, the financing of his operation.

The modern corporation goes to the people for stock subscriptions. It goes to the bank for temporary credits and it uses bonds for long-term credit advances.

Yet the farm plant in America, wholly distinguishable from the manufacturing plant, is absolutely in need of financing. Private capital has abdicated its old position in farm financing and left the most essential plant of any civilization destitute of any means, except the Government, to finance its operation.

When private capital abdicated its position in the banking field, in the industrial field and in the insurance field, the Reconstruction Finance Corporation, under Hoover, quickly entered this specialized field to bail out the banker, the industrialist and the insurance company.

The Federal Government entered the farm field gradually. First, at the instance of discredited banks themselves to bail out the Federal Land Banks.

With the collapse of agriculture facing the nation and with the desire to centralize power into the hands of the Federal Government, the farmer step by step received his seed loan, his crop loan and a complete general financial service available only to the few. The net result is that we have a farmer's bank of the United States distributed among many agencies with no fundamental policy and with a total lack of organization.

Mr. Oscar Johnson was called upon a few years ago to organize the initial, essential steps, but before the field work was started it was abandoned.

Fourth of Nation Lives on Its Farms

There are a billion acres of agricultural lands in the United States. The census of 1925 showed that some 32,780,000, or a little over one-fourth of the total population of the country, were residents of the farm lands.

The tendency during the last decade, surprising as it may seem to the most of our people, was toward the farm and not away from it. The depression drove out of our great metropolitan cities young men with their wives and children who were so destitute that they sought refuge on the farm with the old folks and resumed farming as industry had failed them.

The opportunity of the city, as it was once understood, simply exists no more and there is reason to believe that during the next decade at least the farms of America will have an increase in population due, not alone to the higher birth rate from that of the cities, but due also to the essential economic pressure exerted to drive the unemployed back to at least a sustenance livelihood on the farm.

Farmer's Financing Has Special Problems

With a fixed "farm plant" of approximately one billion acres of land and an assumed increasing population, farm economics must distinguish the financing of this plant from the financing of the manufacturing industry. In the modern age manufacturing concerns itself with the niceties of production in comfortable heated buildings under a roof, with light available twenty-four hours in the day, with the ability to employ three shifts of men and with production under absolute control.

With the price of labor known in advance, with the price of the raw material predeterminable for a year in advance by the use of the "future markets," with machinery and men geared to a predetermined production and with the ability to fix prices, the manufacturer, particularly the large one, has the aid of accessible finance to stabilize his operations. Above all, he has the power and the habit of fixing the prices of his product.

Contrast this situation with the problems of the farmer, previously discussed in the columns of SOCIAL JUSTICE. He faces the vagaries of nature, the spring flood, the summer drouth, the late frost and the early frost. He never knew, and never can know, by the nature of his business what a particular acre of any particular crop will produce.

Granted that he makes a crop, the farmer has not, and never did have, the power to fix its price. He has to look in the newspapers for the daily market quotations to know the price others fix on his livestock, his grains, his cotton or his truck garden produce.

Government Can Find Credit Requirements

As a practical problem, the following is suggested: Let the Department of Commerce, through the Bureau of the Census, mail to the 6,800,000 farms a questionnaire to be returned without signatures and asking for the answers to the following questions:

1. What is the mortgage debt, if any, on your farm?
2. What rate of interest do you pay?
3. How much in arrears, if any, are you on this mortgage debt?
(a) Principal (b) Interest
4. What are your credit requirements for the coming year for
(a) Operating expenses (b) Taxes (c) Wages (d) Crop loans?
5. What is your source for this type of loan today and what rate of interest are you required to pay?
6. How many acres is in actual production?
7 What is your principal farm product?

With this type of information gathered at negligible cost, the Government has the machinery for reducing the answers into a composite picture of farm credit requirements. With the information in the hands of the Federal Administration, the various present banking functions of the Government of the United States as respects agricultural credit could be organized into a single system and capitalized adequately to meet the problem. Long term credits could be extended at the nominal rate of interest of one per cent on mortgages which are then more secure with the lower rate of interest.

Approximately $4-billion would be needed to finance every owner-farmer first mortgages. Landlords simply would not have this money made available to them, but rather the policy should be to finance the tenant farmer into the ownership of a farm.

Farm Bank Need for $10-Billion Credit

America is so huge that short-term loans for farm operation would constitute the same type of revolving fund as is today utilized in the commercial loan of the larger bank. In the extreme South, for example, the lower valley of the Rio Grande, the crop is a winter crop, or, for that matter, a year-around crop, while in the states on the Canadian border the principal crops are the shortest term crops in the country.

As the harvest moves northward, the short-term loan is liquidated and in its place comes the financing of the crop until that day when the farmer gets good and ready to market it.

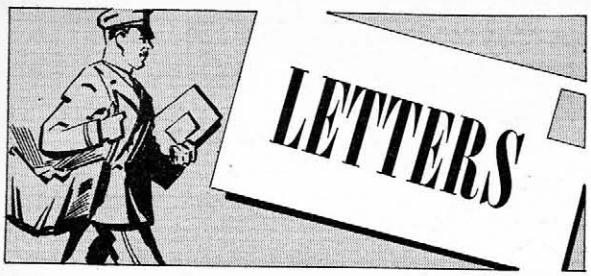
Let the farm bank of America absorb the present Federal credit agencies' functions and extend them to banking the entire national farm picture. That would roughly contemplate the financing of the $4-billion in first mortgages, $3-billion in operating expenses and $3-billion as a maximum on crop security pending marketing.

Five billion dollars could be saved to the farmers of America in interest charges alone, in contrast to present rates, with a rate of one per cent to be applied to the financing of this $10-billion credit.

America needs a farm bank.

Speak Right Up, Mrs. R.!

—Cartoonist Talburt in the Pittsburgh Press



(SOCIAL JUSTICE aims to make this page a free forum and readers' opinions are invited. Naturally, the views expressed are not always those of this magazine. We cannot guarantee that contributions sent to SOCIAL JUSTICE can be returned to the writers. Letters not signed with the writer's name and address cannot be considered, although the name will not necessarily be used. We reserve the right to publish all letters received unless contrary instruction is specifically given.)

Why Take Either Side?

TO THE EDITOR:

I have been a regular reader of SOCIAL JUSTICE for three years. I regret to say it is not at all as good as the old weekly. This new one at 10c per copy has become a *Nazi propaganda sheet.* Week after week it is the same old war of words—blaming the Allies for all the ills of mankind.

What do we care what the Anglo-French did thirty years ago? The real menace today is Joe Stalin and this modern Attila in the form of Hitler and his legion of Huns who are out to crush Christianity and civilization. While the Allies' fleet remains intact this will not happen.

The World War horror stories of German atrocities are true, as are the same acts of the Huns, Nazi Gestapo in murdering students in Bohemia and the execution of priests in Poland after the Germans entered Warsaw.

Boston, Mass. —**William Rynne**

Known Reds Not Called

TO THE EDITOR:

In your issue dated April 22, under article captioned *"Dies Pushes Efforts to Register Alien 'Ism' Groups,"* I quote: "Dies has failed to obtain names of Communists from Reds appearing before his committee."

I beg to advise that the writer, now 68, began, as a personal Christian patriotic venture, the dangerous task of obtaining membership for the avowed purpose of exposing Communism and was the only witness to date producing before that Committee a list of the signatures of a group of Communists—to be exact 113—who subscribed their names, as such, in a book presented to the writer, and not one of them were ever called before the Committee!

Every conceivable act of subversion has been committed by those persons, yet the matter was pigeonholed.

My own secret testimony before the Dies Committee has been withheld from the public and I charge it is due to pressure from higher ups.

My secret testimony covered spies in the Navy yard, attempt to bring a revolution, assignment to sabotage Boulder Dam, assignment in military departments to organize and sabotage same, enlisting men for service in Loyalist Spain, padding W.P.A. payrolls, using $50,000 of insurance fees to finance the *Daily Worker* and many other subversive activities adroitly pigeon-holed in the Dies Committee.

And the last abuse of its power was its failure (*See Page 981, Volume 2, Dies Report to Congress 1938 on un-American activities*) to keep published promise to protect and permitting a patriotic service to go without favorable citation and to permit me to have to accept "old age assistance" in my state, which provides room and $12 a month for food.

—**A Subscriber**

New York City

Why Must War Be?

TO THE EDITOR:

Throughout the country, Americans have been reading about the cruelties perpetrated upon Catholic Poland. In spite of strict censorship, truth will out. Even I was not prepared to believe or to see such revolting tragedy as was recently shown in the film, *"The Siege of Warsaw"* taken by the American photographer, Julien Bryan, who happened to be in Warsaw at the time of the German-Russian invasion.

Mutilated bodies were shown lying everywhere, some still alive, infested with flies and vermin. Every magnificent building in Warsaw razed, burned, in ruins. The people homeless, destitute, children with hollow eyes grubbing about in the ruins. Old men and women, hungry, lost, cold, sitting in little groups on the ground, or kneeling to pray desperately before an ikon or cross salvaged from the wreckage. And their eyes haunt one with the question: "Why?"

I who am privileged to sit in a comfortable theater to view this horror, ask the same question: "Why?"

Why bomb civilian homes, maternity hospitals, convents, churches, apartment houses, hotels, embassies, even peasants in the open field? Why this senseless carnage, this bestial violation of every moral code? The indecency, the injustice, the vileness of it turned my stomach and wrung my heart with pity. The Nazis appear determined to wipe out as many Catholic Poles as possible.

Catholic Poland, today, is a country bathed in blood, ravaged by disease and overrun by two cruel oppressors, Hitler and Stalin.

—**Stanley Brya**

Minneapolis, Minnesota

It's Up to America

TO THE EDITOR:

"Peace Efforts Fail; Total War Imminent," despairingly announces the April 1 issue of SOCIAL JUSTICE. The text of the front page dismally proclaims such eventuality as concerns the United States.

Why this change of attitude, of stamina, of militancy against our country being embroiled in the follies of Europe?

Retreat means gain for the enemy. Asserting that war is inevitable is cheering news to the war mongers.

And we read: "unless we are prepared to regard ourselves as quarantined financially and commercially" etc., the task of saving American boys is superhuman.

What a shocking inference! What a terrible equation!

And Sumner Welles went to Europe—just like Col. House did before we entered the last war. On a peace effort? Maybe, since Russia aligned itself with Germany. Ah! Dear Russia! Our State Department cannot let it happen that this country's fortune should ever be on the opposing sides of "Dear Russia."

Let us prevail in our attitude—we will wage war against the war mongers but not for them. We have challenged them.

We will not surrender even an iota of our ideology.

—**A. M. Loes, M.D.**

Dubuque, Iowa

News Dealer's Plaint

TO THE EDITOR:

In taking up the "rackets," the news agencies have been amazingly overlooked. There have been so many angles and ramifications one is at a loss at what point to attack it.

The bulk of the magazines placed upon the market—"by whom?" have been criticized by the Church, educators and the law, but they are at present on the news stands, "by whom?"

Radio, press and news reporters state that we cannot believe what is in the press — placed there "by whom?"

A news dealer wanting to service his customers with his pet aversion wishes to please but must patronize two or more news agencies to fill his requirements and to do so must pay tribute "to whom?" If a dealer wishes to sell SOCIAL JUSTICE or *Townsend Weekly"* he dare not do it—because of "whom?" If a dealer wishes to supply his customers why must he pay for something he cannot make money on, by selling when the publishers have already produced it and collected their pay from the advertisers, but the dealers must pay for dead circulation, to "whom?"

Publishers want to have dealers sell their produce but place particular stress on outside selling when dealers orders increase "by whom?"

Why should you pay a service charge to a news distributor any more than to a candy or milk vendor?

One hundred and thirty years ago Americans had courage enough to say "Millions for defense but not one cent for tribute" but now they cannot say that but must pay 35c a week for mysterious tribute "to whom?"

Waterloo, Iowa —**Fred Clute**

Praises Broadcast

TO THE EDITOR:

It gave me great pleasure to listen to Father Coughlin's broadcast today and previously on the same subject. I wish to congratulate him on the splendid lecture and the exceedingly valuable information that he has so eminently expressed.

I know nothing of the banking system, however, I recognize the extreme import of the lecture, and the grave conditions that exist today in our financial situation. Father Coughlin has made clear many things that were dark and obscure to me.

I cannot understand why this situation has to exist as it does. I am sure that the people, generally, do not understand and will be greatly benefited by the enlightening addresses and that they will eventually demand a correction of the evils that exist. The awakening will prove a great benefit to the American people.

I hope that Father Coughlin will continue to give much thought and more lectures on this subject in the future.

In his conclusion, he again spoke of our keeping out of the European war. I agree fully, and will do all in my power to counter the propaganda that is being exercised in this country by the Allies, to ultimately get us in war on the side of the English again.

Today, I listened to an address by the minister of Trinity Church, in Boston. He definitely made it clear that we should become a part of the struggle in Europe "for democracy," as he designated it. There are many here who would have us go into that struggle for England and France. In my way of thinking, I am opposed to anything that would involve us in that war.

We have no reason or justification for us to become involved, unless it is to help the munitions millionaire make his millions, and sell the stuff that will destroy human life. We should conserve our resources and refrain from selling to the warring powers war materials.

We need to look to our own perplexing problems, and seek employment for the men and women who are struggling to gain a livelihood in this country of millionaires; with the poor becoming poorer and the rich getting richer.

I hope that you will not let up on this war question and do everything that you can to keep this nation out of a European war.

—**Dr. W. Randolph Angell**

Boston, Mass.

America Still Retains an Immoral Alliance

TO THE EDITOR:

Ardent champions of recognition of Russia, painted some very elaborate and optimistic word-pictures with particular emphasis on the forecast of huge trade volume between the United States and U.S.S.R. This would positively intensify American industry, business, trade, commerce; it would mean almost entire absorption of our internal unemployment problem, etc. Russia promised in a treaty not to encourage or aid Communistic propaganda activities throughout the United States.

Various kinds of experts, technicians, etc., went directly to Russia. For what? To modernize and mechanize Communistic Russia according to the American conception and program in certain directions.

Huge numbers of planes, warbombers and other kinds of war supplies were forwarded to Communistic Russia to help build up her naval, military and air branches. Official Russian mouthpieces have informed the rest of the world what Russia would do under certain circumstances. Frequently Russia paraded her military machine. Then came Russia's inglorious participation and absorption of unfortunate Poland. Russia has interfered already with small neighboring Baltic nations. Russia's recent war against Finland is really an inglorious episode in her history.

As for Finland, the victim, she certainly stands on a high pedestal of genuine patriotism, integrity, honor and courage; indeed, her display is rare today in a world where nations have gone mad with cursed war atrocities, beastialities and inhumanities.

When that big bully, atheistic Russia, started its unnecessary war against honorable Finland it used American-made bombing planes, and high in the sky, Russians dropped loads of incendiary bombs on homes, churches, public buildings to destroy them with hellish flames; high explosive bombs were delivered and destroyed human flesh and buildings in a manner indescribable.

Did this country break off diplomatic relationship with Russia? No! We did protest in words and the Secretary of State asked Americans selling warplanes, etc., to make it a "moral embargo"—this was and is aimed at Russia.

—**John Thomas Mahoney**

Newport, R. I.

Glass Criticizes U. S. Treasury Policy

Co-Author of Law and Former Secretary of Treasury, Blames Morgenthau Tactics

THE HONORABLE Carter Glass, Senior Senator from Virginia, is no friend of SOCIAL JUSTICE, but all who know him recognize his knowledge of the intricacies of the Banking System of this country.

As co-author of the *Federal Reserve Banking Act* he knew the declared purposes of the Federal Reserve Banking System.

His remarks on the floor of the Senate under date of May 19, 1933, taken from Volume 77, Page 3725, of the *Congressional Record* are illuminating today as the Federal debt has mounted to $45-billion, as private credit is drastically curtailed, and as the System is used as "the foot-mat of the Treasury Department."

Co-Author of Bill Reviews Situation

"The Federal Reserve Banking System," said Senator Glass, "was set up for the purpose of responding to the business, industrial, and agricultural requirements of this country. It is owned exclusively by the member banks, frequently spoken of as the 'stock-holding banks.' In short, the individual banks of the Federal Reserve System own the 12 Federal Reserve banks in substantially the same sense that the stockholders own the individual banks.

"It was never intended that the Federal Reserve Banking System should be used as an adjunct of the Treasury Department, and particularly was it never contemplated that it should be so used to such an extent as recently has been done as very materially to curtail the abilities of the Federal Reserve banks to serve the business interests of the country. There has not been a bond issue floated by the Government of the United States since the beginning of the World War up to within two weeks ago that was not floated through the agencies of the Federal Reserve Banking System. Of that the friends of the System do not complain, because its agencies were so widespread and complete that it would have been difficult to float a Federal bond issue without the immediate and active assistance of the Federal Reserve Banking System. But in latter years the Federal Reserve banks notably and the member banks of the System substantively have been compelled to subscribe to the issues of United States bonds. I say 'compelled' in the sense that it was regarded as dangerous for a member bank or for a Federal Reserve bank to decline to take its allotment of Federal Reserve securities, whether long-time bonds or Treasury notes, as apportioned by the Secretary of the Treasury.

Treasury Secretary Dominates System

"I think I speak accurately and advisedly when I say that no issue of Federal Reserve securities for 2 years has been placed with private industries or estates. The major part of those issues has been taken by the Federal Reserve banks or the member banks. That largely means in time of stress that these banks just in that measure are disqualified from responding generously and liberally to the requirements of commerce, industry, and agriculture.

"That has largely been done, your Committee think, through the dominating influence of the Secretary of the Treasury as a member of the Federal Reserve Board. I know from actual experience and intimate observation that the Secretary of the Treasury does exercise a dominating influence in that Board. The distinguished junior Senator from California (Mr. McAdoo) knows that, because he was once Secretary of the Treasury. I know it because I was once Secretary of the Treasury. But he was there and I was there in times of great stress. He was there during the war, and I was there in the post-war period when the problems were not less grave than during the war. It was essential, it was imperative, that the Federal Reserve Banking System should coordinate its activities with the activities of the Treasury Department. The life of the Nation depended upon it. But that is not so 15 years after the war terminated. The Federal Reserve Banking System should not have been made the foot-mat of the Treasury Department in all those years."

Behind The News

The Inter-American Bank

THERE may be more than meets the eye in this proposed Inter-American bank, wisely observes the *Wall Street Journal*. It suspects Mexican silver interests of trying to slip over a *coup* of bi-metallism into gold dream of the Pan-Americas. Says the celebrated journal of "the Street":

"The Pan-American countries are now considering establishment of an Inter-American Bank. Of the 21 governments involved only the United States has formally declared its willingness to accept the convention on which the proposed bank would be based. This acceptance was tendered not after any consideration by Congress; it was offered by the Administration on its own responsibility. Seven Latin-American countries, at last report, had given a favorable answer to the question whether or not they have any objection to the formation of the bank and to participation in it. If these countries actually join the United States to implement the convention, the Inter-American Bank probably will begin to function soon.

"In general, this concrete plan for economic co-operation has been approved in the press of this country. Especially is it considered opportune at this moment when the United States and its neighbors are faced with a difficult realignment of commercial relations and this country is struggling to improve its trading position for exports to South America. Mechanism to stabilize the relative values of American currencies, facilitate the settlement of international balances and aid in setting up those credit arrangements which seem the necessary prelude to the development of Latin-American markets are generally welcomed.

"But there should be a clear understanding of the aims, powers and possible actions of this bank before it is begun. So far, its purposes have been listed only in very general terms.

"There is reason to believe that co-operation and trade are not the only purposes behind the formation of the Inter-American Bank. In the first place, the latest proposal was sponsored at the Guatemala meeting by the finance undersecretary of Mexico, a country of which we already have sufficient reason to be suspicious. This Mexican proposal, furthermore, provided that, among other functions, the bank should receive silver as well as gold from any country in settlement of international debit balances. This purpose is not specified in the final draft of the convention, nor is it specifically eliminated from the powers of the bank. That Mexico with its "vested interest" in silver and its traditional plea for international bi-metallism should hope that the bank might adopt this policy is readily understandable, particularly at this time . . .

"If the New Deal Administration contributes public money (a minimum of $5-million) to the formation of the bank, will it thereby continue to subsidize a neighbor that refuses to respect the rights of American citizens?

"Efforts to prevent domination by the United States or any one country of this international bank make it possible within the covenant of the bank that such a bi-metallic policy might be adopted against the wishes of this country. In view of the record of the present Administration in signing the *London Silver Agreement* in 1933 and the *Silver Purchase Act* in 1934, there is sufficient reason for caution. If it is possible that this convention may be entered into without Senatorial approval, Congress should first investigate a proposal of such importance for good or evil.

"There may be more in this Inter-American Bank than meets the eye."

Holdings in U. S. Market Give Britain Influence

"It has been represented to me by competent authorities that a depreciation of 10 per cent in Government bonds would render insolvent 90 per cent of the banks of this country." (Hon. Carter Glass)

THOSE ARE ominous words. Those are words spoken by one of the most conservative supporters of the present financial system in these United States.

Does this nation realize that Great Britain, through the profits made from gold transactions, owns and controls billions of dollars worth of United States Government bonds?

Does this nation realize that Great Britain is in a position to dump these bonds upon our markets, thereby creating a tremendous financial disturbance and, possibly, reducing the market value of our bonds by 10 per cent?

Hon. Carter Glass Indicts Situation

Let us read the entire statement issued by Senator Carter Glass on February 21, 1935. Said he:

"It is true, however, that the question of an average wage of $50 a month was brought to the attention of the Congress by spokesmen who were supposed in some degree to represent the Administration. In other words, the total sum of $4,880,000,000 was reached upon the basis of a calculation that the average wage rate paid would be $50 a month. The official responsible for that suggestion also was responsible for the statement to the committee that to adopt the prevailing rate-of-wages suggestion would involve an increase in the appropriation of practically $1,500,000,000, and raise it from $4,880,000,000 to some $6,340,000,000. Evidently that information was furnished to the President. The President has expressed himself as utterly opposed to the inevitable increase if that should be done. He is opposed to it because, like many thoughtful citizens, he has begun to consider how much further we may go in public expenditures before wrecking the credit of the nation. Should such a thing occur, let me ask the proponents of this amendment what would happen to the laboring men, the wage earners in this country? They would be that class first of all which would feel the disastrous effects of a breakdown in the public credit.

"Let me discuss in a word, as discreetly as I may, the situation in that respect. The existing outstanding indebtedness of the United States is approximately $28-billion. Listen, Senators: Of that amount $15,364,000,000 is piled up in the banking institutions of the country. Some of the banks have as much as 60 per cent of their entire assets invested in Government securities. They are prohibited, were there the demand, from coming to the aid of business activity. They hold 55 per cent of Government securities in the banks of the United States as against but 11 per cent of Great Britain's indebtedness held in the banks of Great Britain—55 per cent as against 11 per cent.

Bondholders Forced to Take More Bonds

"The banks have been brought to a state in which they are literally obliged to take Treasury issues whether they want them or not.

"They are compelled to take them in order to maintain the bond market of the United States, because it has been represented to me by competent authorities that a depreciation of 10 per cent in Government bonds would render insolvent 90 per cent of the banks of this country."

The New Deal administration has forced our banks to use their assets to buy billions of dollars of bonds at an estimated 10 cents on the dollar. In doing so, it has prevented our banks making loans to farmers, industrialists, small business men and home builders.

Attention!

If your subscription expires in May, this is the last possible moment for you to renew without the possibility of missing an edition or two. We do not believe anyone will want to miss the next several editions of SOCIAL JUSTICE National Magazine. A coupon for the convenience of new subscribers or present readers renewing their subscription is printed each week on Page 2.

Rumblings of Revolt South of the Border

NOGALES, ARIZONA — Rumblings of political disorder across the Mexican border continue to reach this vicinity, giving point to charges of Congressman Martin Dies that Russian and German interests are "plotting a Mexican revolution."

General Gustavo Leon and General Alfredo Lezama, two officials of the Mexican Air Force, told newspaper men of an armed attack on a United States-bound Southern Pacific train by a band of 300 men.

The train was surrounded as it entered Hermosillo, a city in the province of Sonora directly across the border, according to the generals who allegedly were objects of the armed band's wrath. Shouting and shooting, the demonstrators are alleged to have cried in Spanish:

"Down with Almazan! Down with friends of the American Government!"

The two Mexican generals are supporting Juan Almazan, anti-administration candidate for the Mexican presidency in the July elections. The demonstrators seized luggage and smashed baggage on the train, although no one was wounded in the shooting.

Chairman Dies has charged that Russian and German agents are plotting a *coup* in the July elections in an effort to secure a toe-hold in North America. To this end, Mr. Dies alleges, Russo-German interests are pouring thousands of political plotters into the neighbor country.

U.A.W.-C.I.O. Negotiates for New Contracts

The U.A.W.-C.I.O. this week proceeded with plans to obtain its new contract with General Motors Corporation. Leaders of the union jubilantly proclaimed that their recent overwhelming victory in the G.M. bargaining election spelled doom for the rival A.F. of L. faction.

Results of the election, conducted by the National Labor Relations Board, gave the C.I.O. exclusive bargaining rights in 50 of G.M.'s 59 plants throughout the nation. The A. F. of L. captured only five plants.

The question of industrial peace on the automobile front, however, remained in the balance. With the time approaching for negotiating a new contract with the C.I.O., Walter S. Knudson, G.M. president, warned that labor unions must have intelligent, constructive leadership.

"The labor movement in the United States is doomed unless experienced and clearer or more level heads assume control of labor and prevent strikes such as the Chrysler tie-ups last year," he asserted.

Mr. Knudson charged that the union leaders were adept at calling strikes, but woefully inefficient at getting men back to work. Jealousy between labor chiefs also plays an important part in prolonging strikes, the industrialist declared.

Mr. Knudson cited the Chrysler strike of last Fall as an example of how workers are forced into long periods of idleness while union leaders make unreasonable demands on management.

He said more than 50,000 men lost 7 weeks pay, amounting to about $260 each, and then returned to their jobs with only a 3 cent-an-hour wage increase.

U. S. Government Holds Third of Farm Mortgages

WASHINGTON, D. C.—Although many persons deplore the fact that the United States Government is in the real estate business, few realize to what extent it has infringed this private field through its multiple lending agencies.

At the present time the Farm Credit Administration, now governed by the Department of Agriculture, holds one-third of the farm mortgage debt of the nation. Approximately 25 per cent of the one million farm loans now outstanding are delinquent.

The United States Government, under F.C.A., owns outright 30,000 farms, which once were the private property of its citizens.

The Federal Housing Administration now stands behind some $2-billion in mortgage loans. It has lost nearly $400,000 on the sale of 680 homes, and has paid out more than $16-million to make good on defaulted mortgage loans, according to Representative George H. Dondero, of Michigan.

The F.H.A. performs a needed Government service in this country, but nonetheless it is obvious that the United States Government is in the real estate business for keeps.

The necessity now is for *lower interest* on home loans, *lower taxes*, and a more equitable distribution of money and goods to the end that the home owner may be secure in his own home. He must be secure from both the private and Government lender.

Your Uncle Sam Is Landlord for 75,000 Families

WASHINGTON, D. C.—You may not realize it but your old friend Uncle Sam, the elderly gentleman with the long whiskers and the star-spangled coat, is the world's greatest mortgage banker.

Uncle Sam did not enter the mortgage business directly, the business was *thrust* on him. The Home Owners' Loan Corporation loaned $3-billion to a million home owners since its inception, and was forced to foreclose on 171,036 properties through default on the loans.

Today 75,000 families pay rent to Uncle Sam, who holds the mortgage on 1 out of every 6 farm homes, and 1 out of every 10 city homes. And instead of liquidating his mortgage business, Uncle Sam is increasing it.

If the present trend continues, Uncle Sam will soon own outright 1 out of every 17 homes mortgaged through the H.O.L.C.

Furthermore, the H.O.L.C. has found it impossible to resell the properties that have fallen into its hands through default. If it did so, it would be responsible for depressing the market value of homes—an undesirable condition. For this reason, Uncle Sam finds himself a vast landlord, holding and renting properties in every state of the Union.

The picture of financial oppression was never made plainer than in this instance. The great question asks itself: Why should the homes of private citizens be confiscated by the Government? Why is not the nation's money sufficiently distributed to prevent this retreat into state socialism?

From the Tower . . .

(Continued from Page 8)

show that more persons moved from farms to villages, towns and cities than moved to farms during 1938. It is estimated that 1,025,000 persons left farms and that 823,000 persons moved to farms.'"

* * *

IX

Msgr. Ryan for Allies

"ACCORDING to Msgr. John A. Ryan it is not contrary to the principles of justice for honest and conscientious men to hope that victory in the present European war will be with France and Britain. 'The Allies,' says the director of the NCWC Department of Social Action, writing in the *Commonweal*, 'are aiming at the destruction of Hitlerism and the restoration of liberty to Poland and Czechoslovakia. Both of these are good ends. The second is obviously so. That the first is likewise so follows from the design and plan of Hitlerism to dominate and enslave a great part of the world, as is shown in Hitler's *'Mein Kampf'* and in Rauschnigg's *'The Revolution of Nihilism.'*

"'Assume for a moment that the Allies are also pursuing an evil end, such as dividing Germany into a number of small States or imposing upon it terms of peace as iniquitous as the worst terms of those in the Treaty of Versailles. Of course, there is no evidence that the Allies intend to commit either of these outrages, but, even so, these evil effects of an Allied victory would be outweighed by the good effects; for the latter would include not only the freedom of many nations from tyrannical oppression, but the ending of the Nazi program of religious persecution and general paganism.

"'Hence honest and conscientious men are fully justified in hoping that victory will be with France and Britain. On the other hand, no person is objectively justified in desiring success for the Nazis. A Hitler victory would produce all the evil effects specified above, without adequately compensation good effects. That the Nazis desire to destroy the Christian religion and substitute their own brand of paganism is abundantly clear from the Pastorals of the German Bishops, the insidious persecution of religion in Germany and the horrible persecution in Austria, Poland and the land of the Czechs.'" (Quoted from the *Catholic Herald Citizen*, March 30, 1940.)

Unlike Mr. Sisley Huddleston and other eminent British writers, the good Monsignor has neglected to question why the Allies have not made war on Russia, the co-despoiler of Poland, the conqueror of Finland and the self-advertised proponent of world revolution.

The Guilds in Germany

(Continued from Page 11)

west coast of Ireland knew its ships and were in intimate trading relationships with the rest of the world through the medium of the league. Students of international law recognized the contributions of its codes to the rise and growth of the *"Law of Nations."* But, generally, it has been dealt with only from one particular aspect. Some day the historian will unite its several aspects into a monograph for our use today.

What happened to the great guild system of the North? Its fall may be directly attributed to two great forces. The one was the rise of the British Empire with the control of the seas evidenced from 1588 onward. The other was the so-called Reformation which divorced the spiritual characteristics and the social characteristics from the purely economic.

Gone ultimately was the foreign trade of the *Hanseatic League* and gone, likewise, was the vivifying spirit that religion gave not only to the economic order but to the care of the artisan and his family as he carried on in a work-a-day world the corporal and spiritual works of mercy.

Rugged Individualism Wrecked Social Order

There arose the new school of thought. Man was divorced from his character as a social being. Individualism, rugged individualism followed in the wake of that so-called freedom of mind. Self-centered man forgot his brother. The old codes of standards, of living wages, of honest weights and measures, of fair practices, of truth in fabric, one by one disappeared.

That miner down in the mine became a chattel. He could be replaced. There was no need to take care of him or the sanitary conditions under which he worked, or the safety of the mine.

Ultimately Ricardo's iron law of wages supplanted ordinances of the guilds. Spencer's "survival of the fittest" discarded the doctrines of charity. Western Europe sank the guild system in the treacherous quicksands of individualism.

Remnants remained in the charitable and eleemosynary and philanthropic benevolences, but humanitarianism superceded brotherly love sanctioned by the doctrine of the common Fatherhood of God.

Documents Tell Startling Story

(Continued from Page 12)

reasons for discouraging loans have largely disappeared. We have more money than we can use. Popular sympathy has become crystallized in favor of one or another of the belligerents to such an extent that the purchase of bonds would in no way increase the bitterness of partisanship or cause a possibly serious situation.

"Now, on the other hand, we are face to face with what appears to be a critical economic situation, which can only be relieved apparently by the investment of American capital in foreign loans to be used in liquidating the enormous balance of trade in favor of the United States.

"Can we afford to let a declaration as to our conception of 'the true spirit of neutrality' made in the first days of the war stand in the way of our national interests which seem to be seriously threatened?

"If we cannot afford to do this, how are we to explain away the declaration and maintain a semblance of consistency?

"My opinion is that we ought to allow the loans to be made for our own good, and I have been seeking some means of harmonizing our policy, so unconditionally announced, with the flotation of general loans. As yet I have found no solution to the problem.

"Secretary McAdoo considers that the situation is becoming acute and that something should be done at once to avoid the disastrous results which will follow a continuance of the present policy."

Faithfully yours,

Robert Lansing

"811.51/2624a

"President Wilson to the Secretary of State

"Washington, 8 September, 1915.

"My Dear Mr. Secretary: I have no doubt that our oral discussion of this matter yesterday suffices. If it does not, will you let me know that you would like a written reply?"

Faithfully yours,

W. W.

Veteran Workers Win Contest Awards

CLEVELAND again scored heavily in a SOCIAL JUSTICE contest. At the conclusion of computation for winners in the recently concluded "FORWARD AMERICA" competition for subscribers to this magazine it was found that the first two grand prizes landed in that city.

After a neck-and-neck race which lasted throughout the entire contest the Grand Prize Cadillac 72 was won by **Mr. John Pressler,** 3450 West 50th street, Cleveland, Ohio.

The Second Prize, a Chrysler Crown Imperial, must be awarded to **Capt. William Miller,** 3431 West 100th street, Cleveland, Ohio.

There is a jump to Long Island, New York, in the awarding of the Third Prize, a 1940-model Lincoln-Zephyr. It goes to **Mr. Othon Plein,** 31-75 29th street, Astoria.

Long Island came under the wire once more for the Fourth Prize, a La Salle 52 Special. This handsome car is now owned by **Mr. Henry Hofmann,** 37-40 61st street, Woodside.

Up to Massachusetts. The Fifth Prize, a Pontiac 4-door sedan, was won by **Mr. Ernest R. Prunier,** 7 Dupont street, Worcester.

But now we must trek across the country to the State of Iowa. In the little town of Epworth lives a hard-working parish priest named **Reverend Father William M. Holub.** No harder worker in the contest than this pastor. No more enthusiastic adherent of SOCIAL JUSTICE anywhere. Father Holub romped home with the Sixth Prize, a beautiful De Soto Custom 4-door model.

Back east a bit to the great State of Ohio. In the city of Delphos lives a man who has "plugged" SOCIAL JUSTICE magazine from its very inception. His name is **Mr. Edwin A. Kroeger.** As a result of relentless work during the contest, Mr. Kroeger finds himself today the owner of a brand new Plymouth De Luxe 4-door sedan.

Now, Michigan is where SOCIAL JUSTICE is published. And it is a matter of rejoicing among SOCIAL JUSTICE devotees in this state that two of the Grand Prizes were won by Detroit followers of Father Coughlin.

The Eighth Prize, a Ford Tudor sedan, has been awarded to **Mr. Peter J. Spotts,** 278 Mack avenue, Detroit. The Ninth Prize, $500.00 in cash, was carried away by **Mrs. Catherine Harrison,** 5220 Linwood avenue, Detroit, one of the most persistent workers for SOCIAL JUSTICE to be found anywhere.

One hundred additional cash awards have been made to that number of contestants who did not finish in the "big money" but whose work netted our magazine a goodly number of subscriptions. During the course of the competition 27 special cash prizes were awarded to contestants who turned in the largest number of subscriptions or the largest sum of money during stated periods. Their names appear below.

The contest was an outstanding success. More than 24,000 subscriptions to SOCIAL JUSTICE magazine resulted. Contestants were recruited from the most intelligent and gracious ranks of SOCIAL JUSTICE readers.

Their efforts in behalf of our magazine and in furtherance of the Social Justice principles of Father Coughlin in America are fully appreciated.

Following are the Grand Prize winners and the votes credited to each of them:

FIRST PRIZE.....$2,995.00 CADILLAC

John Pressler, 3450 W. 50th St., Cleveland, Ohio, 58,610,000 votes.

SECOND PRIZE.....$2,245.00 CHRYSLER

William Miller, 3431 W. 100th St., Cleveland, Ohio, 53,488,700 votes.

THIRD PRIZE.....$1,483.00 LINCOLN-ZEPHYR

Othon J. Plein, 3175 29th St., Astoria, L. I., N. Y., 52,515,500 votes.

FOURTH PRIZE.....$1,440.00 LA SALLE

Henry Hofmann, 37-40 61st St., Woodside, L. I., N. Y., 36,221,400 votes.

FIFTH PRIZE.....$1,152.00 PONTIAC

Ernest R. Prunier, 7 Dupont St., Worcester, Mass. 23,916,400 votes.

SIXTH PRIZE.....$985.00 DE SOTO

Rev. Wm. Holub, Epworth, Iowa, 23,544,000 votes.

SEVENTH PRIZE.....$805.00 PLYMOUTH

Edwin A. Kroeger, R. R. No. 1, Delphos, Ohio, 19,011,500 votes.

EIGHTH PRIZE.....$777.00 FORD

Peter J. Spotts, 278 Mack Ave., Detroit, Mich., 16,827,000 votes.

NINTH PRIZE.....$500.00 CASH

Mrs. Cath. Harrison, 5220 Linwood Ave., Detroit, Mich., 16,634,500 votes.

Following are the names of additional prize-winners, their votes and cash awards:

James Maloney, La Grande, Oregon, 14,828,600, $150.00; Jos. B. De Moor, St. Louis, Mo., 14,280,000, $90.00; J. H. Weaver, Littlestown, Pa., 13,985,100, $50.00; Mrs. Ruby J. Ballard, Lynn, Mass., 13,561,100, $50.00; W. J. McCrady, Lowell, Mass., 13,307,500, $30.00; Norman Walby, Detroit, Mich., 11,351,000, $30.00; Wm. Mollicone, Worcester, Mass., 11,120,100, $30.00; Rev. Paul A. Baglio, No. Evans, N. Y., 10,785,000, $30.00; Jas. L. Kennedy, Maribel, Wis., 10,774,000, $30.00; Lewis J. Trumper, St. Paul, Minn., 9,938,900, $30.00; Myron J. Jackson, N. S. Cohoes, N. Y., 8,808,700, $30.00; Eleonore T. Feldmann, Glendale, Calif., 8,539,100, $25.00; Martin Kane, Corona, L. I., N. Y., 7,947,000, $25.00; Elmer L. Broeren, Forest Junction, Wis., 7,871,000, $25.00; J. J. Burns, Minneapolis, Minn., 7,364,500, $25.00; Mrs. Alice Hartl, Mayville, Wis., 7,025,100, $20.00; A. H. Bulson, San Fernando, Calif., 6,895,000, $20.00; Margaret McConkey, New York City, N. Y., 6,395,100, $20.00; Jules Degraeves, Grosse Pointe Park, Mich., 6,258,100, $20.00 Rev. B. Kunkel, Smithton, Ill., 6,201,000, $20.00; Mrs. M. J. Sullivan, Springfield, Mass., 6,200,000, $20.00; Frank Klein, Cleveland, Ohio, 6,109,000, $20.00; W. F. Marzluf, Columbus, Ohio, 5,563,000, $20.00; Lawrence J. Platt, Clifton, N. J., 5,558,100, $20.00; Phila. Soc. Justice Workers, Philadelphia, Pa., 5,455,600, $20.00; Bridie Coyne, Cleveland, Ohio, 5,177,500, $15.00; Frank A. Kilian, Melrose, Minn., 5,113,300, $15.00; Mrs. A. Whoriskey, Detroit, Mich., 5,092,500, $15.00; John J. Delmore, Milwaukee, Wis., 5,014,000, $15.00.

The following received cash awards of $10.00 each:

Matilda Znidarsic, Waukegan, Ill., 4,957,000; Rose Gallagher, Brooklyn, N. Y., 4,955,000; Alyce K. Wylie, Hartford, Conn., 4,903,000; John C. Corbley, Newark, N. J., 4,876,700; Anne T. Kinney, Madison, Wis., 4,778,000; Wm. Jos. Conlon, East Orange, N. J., 4,703,500; Gregory Bailey, Jersey City, N. J., 4,702,900; James O'Donnell, Bronx, N. Y., 4,684,000; Rudolph N. Flick, Chicago, Ill., 4,648,700; Carl Dustmann, Milwaukee, Wis., 4,335,000; Mary A. Scheibel, Minneapolis, Minn., 4,329,000; Mrs. Fred Werb, Willow Grove, Pa., 4,321,000; Peter J. Carlin, Bethlehem, Pa., 4,190,400; C. J. Harrington, So. Boston, Mass., 4,151,000; Catherine H. Cronin, Lawrence, Mass., 4,116,800; George L. Schwarz, Chicago, Ill., 4,087,600; Peter A. McCabe, Elmhurst, L. I., N. Y., 3,966,200; Mrs. B. J. McNally, Westfield, N. J., 3,910,000; Mrs. Patrick Fahey, Syracuse, N. Y., 3,870,000; Mrs. Mary Theis, Philadelphia, Pa., 3,775,000; Mrs. Beatrice Merton, Nashua, N. H., 3,752,100; Mrs. Fred G. Vernon, Jewell, Iowa, 3,626,900; St. Vincent de Paul Society, Grand Rapids, Mich., 3,428,300; John E. Almer, Roxbury, Mass., 3,269,100; Mrs. Theresa Strosser, Lancaster, Pa., 3,196,300; Kathryn R. Gallagher, Providence, R. I., 3,185,000; Mary Therese Colleran, Chicago, Ill., 3,173,000; Mrs. Kath. Richardson, Chicago, Ill., 3,055,500; Martin Gibbons, Brooklyn, N. Y., 3,023,500; Mrs. Victor Lachert, Haverhill, Mass., 2,991,100; Helen Doherty, Jamaica Plain, Mass. 2,935,100; Mrs. Albert J. Bone, Clinton, Iowa, 2,932,000; M. P. Dwyer, Philadelphia, Pa., 2,898,000; Margaret Darcy, New York City, N. Y., 2,893,200; Evelyn Green, Indio, Calif., 2,844,100; Arnie Mentes, St. Paul, Minn., 2,815,000; Leo Goulet, N. Abington, Mass., 2,757,000; Mrs. Eliz. Martin, Dorchester, Mass., 2,714,600; Mrs. Chas. T. Robinson, Toledo, Ohio, 2,646,100; Peter Vogelsang, West Bend, Wis., 2,629,100; John Vespalec, Milwaukee, Wis., 2,623,000, Daniel F. McInerney, Chicago, Ill., 2,532,500; Thomas Creegan, Brooklyn, N. Y., 2,502,100; Hugo F. Hartz, Milwaukee, Wis., 2,438,200; Thomas Howard, Philadelphia, Pa., 2,416,000; Michael J. Winter, Highland Park, Mich., 2,404,000; Margaret Golden, Chicago, Ill., 2,341,000; Mary E. Jordan, Bayonne, N. J., 2,332,600; Joseph D. Fragoso, New York City, N. Y., 2,304,700; Rev. Jos. Penyak, Barnesboro, Pa., 2,293,000; Rose Marie Staubs, Stemmers Run, Md., 2,211,100; A. M. Diederich, Cleveland, Ohio, 2,089,900; Mrs. M. G. Supala, Berwyn, Ill., 2,068,600; Paul H. Fournier, Manchester, N. H., 2,057,000; Mrs. Mary McIntyre, Rochester, N. Y., 2,035,100; Albert P. Neilson, Brooklyn, N. Y., 2,029,400; Daniel A. Conforti, Medford, Mass., 1,996,000; Joseph Loeper, Reading, Pa., 1,990,100; Sister M. Solongia, College Pointe, N. Y., 1,981,100; John Siemer, Brooklyn, N. Y., 1,975,200; Mrs. Stephen R. Schutte, Katonah, N. Y., 1,971,000; Katie Sweeney, Providence, R. I., 1,958,000; Theresa Hoerner, Washington, D. C., 1,950,800; Lola V. Tyrell, Bristol, Conn., 1,925,000; Bernard Miller, Milwaukee, Wis., 1,915,000; Elizabeth G. Comer, Bryn Maur, Pa., 1,908,000; Lawrence R. Garlock, Buffalo, N. Y., 1,902,100; Mrs. Charlotte Garges, Rochester, N. Y., 1,888,000; Mrs. Catherine Heller, Cincinnati, Ohio, 1,884,000; Harvey Juhnke, Chester, Wash., 1,879,000, Olive Stingle, Lafayette, Ind., 1,865,000.

Following are the names of intermediate prize winners:

GROUP 1—$100.00

New names from opening of contest Jan. 1 through Feb. 10:

John Pressler, Cleveland, Ohio, $50.00.
William Miller, Cleveland, Ohio, $30.00.
Peter J. Spotts, Detroit, Mich., $20.00.

GROUP 2—$75.00

New names from Feb. 11th through Feb. 20th:

William Miller, Cleveland, Ohio, $35.00.
Henry Hofmann, Woodside, L. I., N. Y., $25.00.
John Pressler, Cleveland, Ohio, $15.00.

GROUP 3—$100.00

New money from Feb. 10th through Feb. 27th:

William Miller, Cleveland, Ohio, $50.00.
Othon J. Plein, Astoria, L. I., N. Y., $30.00.
John Pressler, Cleveland, Ohio, $20.00.

GROUP 4—$125.00

New money from Feb., 10th through March 4th:

William Miller, Cleveland, Ohio, $65.00.
Othon J. Plein, Astoria, L. I., N. Y., $35.00.
John Pressler, Cleveland, Ohio, $25.00.

GROUP 5—$600.00

New money from March 5th through March 18th:

Othon J. Plein, Astoria, L. I., N. Y., $275.00.
Henry Hofmann, Woodside, L. I., N. Y., $100.00.
John Pressler, Cleveland, Ohio, $75.00.
William Miller, Cleveland, Ohio, $50.00.
W. J. McCrady, Lowell, Mass., $25.00.
William Mollicone, Worcester, Mass., $25.00.
James L. Kennedy, Maribel, Wis., $25.00.
James Maloney, La Grande, Oregon, $25.00.

GROUP 6—$200.00

New money from March 19th through April 1st:

Rev. William M. Holub, Epworth, Iowa, $200.00.

Next Contest About Money; Runs 11 Weeks

IT SEEMS the great majority of SOCIAL JUSTICE readers like question-and-answer educational contests. This conclusion is inevitable in the face of hundreds of letters on file at Royal Oak.

Five great competitions of the mental test variety have enlisted the interest of many thousands of Americans who believe in the social justice principles of Father Coughlin and read every week the columns of this magazine. Now they want another.

In order to meet this desire SOCIAL JUSTICE will open next week a great new contest—but a short one. It is realized that our readers want quick action. They do not like long drawn-out contests wherein they must wait months before learning whether they have won or failed to win.

The new competition will be known as the *"Men and Money" Contest.* It will run for only eleven weeks. It will consist of 50 questions concerning Father Coughlin's stand on money and also concerning the doings of the world's leading men during these frantic years. Best and most appropriate answers to all questions will be found in Father Coughlin's weekly discourses on the radio and in the columns of SOCIAL JUSTICE Magazine.

Prizes Totalling $13,000.00 for 109 Readers

The prize-list is always important in contests. This time there will be $13,000.00 in cash for 109 readers of our magazine—provided they enter the competition during the early weeks. That means that all prizes will be doubled for winners who enter during the first five weeks.

There is a Grand Prize of $5,000.00 for the man or woman, boy or girl, who is alert enough to become a contestant while the race is still young; a Second Prize of $2,800.00 for a winner who reports at an early date; a Third Prize of $2,000.00 for some aspiring person who realizes the value of being in time; and 106 additional cash awards.

Now, here's a hint to ALL readers of SOCIAL JUSTICE: you know, because you have often been told, that Father Coughlin's broadcasting fund is maintained by voluntary contributions of thousands of faithful followers and by the net proceeds of our contests

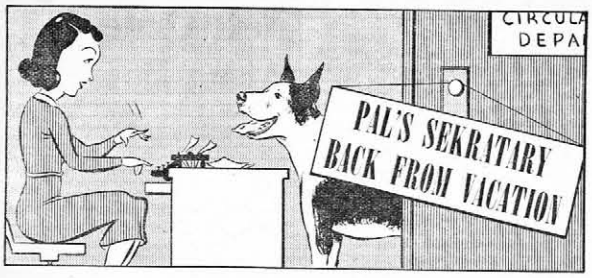
Entire Net Proceeds Aid Broadcast Fund

Those are sufficient reasons for any SOCIAL JUSTICE reader to help the broadcasting fund by entering the *"Men and Money" Contest* right at the very start. The entire net proceeds of the competition will go straight into that fund to help defray the approximate $10,000.00-weekly radio bill at Royal Oak.

The new contest opens up and is away to a flying start in our issue of Monday, May 13. Two questions will appear each week for ten weeks. On the eleventh week all fifty questions will be printed. Of course, the big point is to enter the Contest during the first five weeks so as to qualify for a doubled prize in the event of victory.

The new contest will probably be the easiest yet conducted by SOCIAL JUSTICE. In the past many of our readers complained that some of the questions were too difficult. The 50 questions of the *"Men and Money" Contest* will be such that any person with a fair knowledge of current events and Father Coughlin's stand on money can win.

Next week is the week. Be sure to obtain your copy of SOCIAL JUSTICE and enter at the very start.



HELLO FOLKS:

I s'pect you've given up all hope uv ever hearing from me again after all these weeks. Well, as y'know, I couldn't do ennything 'til my sekratary came back from her vakashun, but I didn't ferget you f'r one minnit. I've been awful ankshus to have a visut with y', 'n as soon as my sekratary sat down at her desk, I hopped right over 'n tol' her I came first—her duties could wait—so here we are together again.

While I had some extry time on my hands I had a littul rest, too. I got around a bit in th' neighborhood 'n met all th' new babies that're jus' beginning to show themselves. I'da met 'em sooner, only th' spring weather we all looked for earlier didn't come around, 'n th' fond mothers were a littul skepakul 'bout takin' their babies out f'r an airing.

I also got in a littul baseball praktise with th' boys over on th' lot. I chased th' balls 'n ran aroun' th' bases 'n had all kinds uv fun. I felt a littul stiff th' first cuppla days. I guess I've been takin' it too easy all winter. Th' fellas were flyin' their kites, too, but after I put my big feet through one'r two they ordered me home. I could see their point, so I didn't argue with 'em.

Yep, I've been a busy boy these past few weeks, busy havin' fun 'n seein' th' outside world s'long's I couldn't report much office doin's. I got int'rested in th' gardenin' that's goin' on around here. Dear me, that's a study all by itself. Too much f'r me, I'm afraid. So all I did was look on 'n keep my ignerunce t' myself.

* * *

It's been so long since I've seen y' I don't 'member if I told y' Father Keating is well, 'n it won't be long 'fore he'll be able to start workin' again. I know you'll all be glad to hear this.

While we're reviewin' th' health situation 'round about these parts, I wanna tell you that Daddy Schwartz finally had his teeth pulled 'n he's feelin' like a new man—he looks like a new one too—'bout six months old—prakticully innocent of a tooth! He shoulda had 'em pulled a long time ago, but I guess he was skared 'n jus' kept puttin' it off 'n puttin' it off 'til they almost got him. Th' girls in th' office tease him a lot 'bout his 'pearunce, but he's a good sport 'bout it all. He says he'll get even with 'em when he gets his new set uv china, whatever that means. Ev'rybuddy else is in th' pink uv condishun, includin' th' Boss.

* * *

I s'pose you've all notused th' broadkasts 're only a half hour long now. That's on akkount uv th' baseball season—it's awful kompetition, y' know. I hope y' won't let it interfere with y're listenin' in t' th' Boss, 'cause he's on an awful importunt subjekt right now—th' money question. Y' all should be int'rested in that. Why, even I am. As circulashun manager uv SOCIAL JUSTICE I've gotta be up on such stuff 'cause it takes money t' run it 'n keep things goin' here. 'Course I know you folks reelize this 's well's I do, but sometimes we all need a littul reminder, we get so wrapped up in our own worries 'n work 'n diffrunt things we fergit 'bout th' other fella's. Jus' so y' won't fergit that we need y're help all th' time—not jus' kashunally,—I'm remindin' y' to keep after new subskripshuns f'r SOCIAL JUSTICE.

Well, my sekratary jus' tol' me she's got other things t' do t'day 'sides takin' my diktashun, so I guess in order t' keep peace in th' family I'd better say goodbye now 'n let her get at some uv th' other stuff that's kumulated while she was away.

See y' nex' week.

—PAL

Fr. Coughlin's Radio Stations

REVISION of Father Coughlin's Summer broadcasting schedule, recently effective during baseball season, is herewith presented for the information of readers of SOCIAL JUSTICE Magazine. The time in all cases is Eastern Standard Time. On account of the change of hour in many cases, it is suggested that readers clip and save this list.

Albany, N. Y.—WABY	4:00-4:30
Baltimore, Md.—WBAL	8:00-8:30
Boston, Mass.—WAAB	4:00-4:30
Bridgeport, Conn.—WICC	4:00-4:30
Bridgeton, N. J.—WSNJ	8:00-8:30
Buffalo, N. Y.—WGR	4:00-4:30
Cincinnati, Ohio—WCKY	4:00-4:30
Cleveland, Ohio—WGAR	4:00-4:30
Des Moines, Iowa—WHO	4:00-4:30
Detroit, Mich.—WJR	4:00-4:30
Detroit, Mich.—WJBK	7:00-7:30
Erie, Pa.—WLEU	4:00-4:30
Fall River, Mass.—WSAR	4:00-4:30
Fond Du Lac, Wis.—KFIZ	4:00-4:30
Green Bay, Wis.—WHBY	4:00-4:30
Green Bay, Wis.—WTAQ	6:30-7:00
Greenfield, Mass.—WHAI	4:00-4:30
Hagerstown, Md.—WJEJ	4:00-4:30
Hammond, Ind.—WHIP	4:00-4:30
Harrisburg, Pa.—WKBO	8:00-8:30
Hartford, Conn.—WTHT	4:00-4:30
Indianapolis, Ind.—WIBC	4:00-4:30
Laconia, N. H.—WLNH	4:00-4:30
Lawrence, Kansas—WREN	9:00-9:30
Lawrence, Mass.—WLAW	4:00-4:30
Lewiston, Me.—WCOU	4:00-4:30
Madison, Wis.—WIBA	4:00-4:30
Minneapolis, Minn.—KSTP	4:00-4:30
New Albany, Ind.—WGRC	9:15-9:45
New Bedford—WNBH	4:00-4:30
Newark, N. J.—WHBI	4:00-4:30
New London, Conn.—WNLC	4:00-4:30
Philadelphia, Pa.—WTEL	7:00-7:30
(Monday Nights)	
Pittsburgh, Pa.—WJAS	4:00-4:30
Pittsfield, Mass.—WBRK	4:00-4:30
Providence, R. I.—WEAN	4:00-4:30
Racine, Wis.—WRJN	4:00-4:30
Reading, Pa.—WRAW	4:00-4:30
Rochester, N. Y.—WSAY	4:00-4:30
Sheboygan, Wis.—WHBL	4:00-4:30
Shenandoah, Iowa—KMA	4:00-4:30
St. Joseph, Mo.—KFEQ	4:00-4:30
St. Louis, Mo.—WEW	4:00-4:30
Waterbury, Conn.—WATR	4:00-4:30
Wilkes-Barre, Pa.—WBAX	4:00-4:30
Woodside, N. Y.—WWRL	9:00-9:30
Worcester, Mass.—WORC	4:00-4:30

The League of the Little Flower Requests You to Pray for the Sick and the Dead

"I beseech you therefore, brethren, through our Lord Jesus Christ and by the charity of the Holy Ghost, that you help me in your prayers for me to God."—Romans 15:30

ILL

ILLINOIS

Mrs. Ralph Compton ..... *Berwyn*
Mrs. Louis DeFilippi ..... *Berwyn*
Thomas J. Boyle ..... *Chicago*
Tom Hannigan ..... *Chicago*

IOWA

Miss B. McCoy ..... *Davenport*

KANSAS

Mrs. A. L. Clevenger ..... *Pittsburg*

KENTUCKY

Mrs. E. Brooks ..... *Newport*

MAINE

Mr. and Mrs. William Wells ..... *Vinalhaven*

MASSACHUSETTS

Mr. La Ducer ..... *Arlington Heights*
Miss Agnes F. Harrigan ..... *Boston*
Ellen McCarthy ..... *Brighton*
Mrs. Margaret Webster ..... *Brighton*
Margaret A. Simpson ..... *Dorchester*
Ellen McGinnes ..... *Holyoke*
Katherine Butler ..... *Mattapan*
Mrs. Mary Dempsey ..... *Springfield*

MICHIGAN

Julia McDonnell ..... *Detroit*
Mrs. A. LaBelle, Sr. ..... *Ossineke*

MINNESOTA

Gertrude Truth ..... *Breckenridge*
Mrs. J. J. McDonald ..... *St. Paul*

MISSOURI

Mrs. C. Walsh ..... *Kirkwood*
Mr. Flanders ..... *St. Louis*
Mrs. Mary V. Smegner ..... *St. Louis*

NEW JERSEY

Mr. and Mrs. Thomas Keelan ..... *Elizabeth*

NEW YORK

Mrs. E. Grady ..... *Auburn*
Florence Wiegars ..... *Binghamton*
Mrs. Nicholas Kirk ..... *Constableville*
Johanna Reis ..... *Kingston*
Mrs. John J. Fianning ..... *New York City*
Madge Roche ..... *New York City*
Henry and Ida Bentley ..... *So. Dayton, N. Y.*

OHIO

Delphine Richards ..... *Akron*
Mrs. Carney ..... *Ashtabula*
Mrs. J. A. Boersig ..... *Cleveland*
Dick O'Hearn ..... *Cleveland Heights*

PENNSYLVANIA

Father Pollard Farran ..... *Alloona Hosp.*
Mrs. C. Wells ..... *E. E., Pa.*
Jessie Kovachick ..... *Turtle Creek*

RHODE ISLAND

Mrs. Mary McDonald ..... *Providence*

WISCONSIN

Dr. W. J. Maag ..... *Waukeska*

FOREIGN

Mrs. Marg. Dicknell ..... *Scotland*

DECEASED

DELAWARE

Wm. W. Gelbert ..... *Laurel*

ILLINOIS

Mr. Frank J. Koukl ..... *Berwyn*
Mrs. Mae Koukl ..... *Berwyn*
Mr. F. E. Johnson ..... *Chicago*
Vincent P. Killelea ..... *Chicago*
Dan J. Mullins ..... *Chicago*
Mrs. Frank Reed ..... *Chicago*
Constance Margaret Stank ..... *Taylor Springs*

IOWA

Mr. Brown ..... *Charlotte*

MASSACHUSETTS

Thomas Burke ..... *Brockton*
Mary Margaret LeVangia ..... *Saugus*

MICHIGAN

Mary A. See ..... *Detroit*
Mr. James Dunigan ..... *Jackson*
Mr. Wm. Malenritz ..... *Jackson*
Mrs. Lura Dunstall ..... *Maple Rapids*

MISSOURI

Mrs. Mary Madden ..... *St. Joseph*

NEW JERSEY

William J. Schindler, Jr. ..... *Bellville*
Mr. Waldeck ..... *Brooklawn*

NEW YORK

Mr. Rodman ..... *Brewerton*
Mary A. Flynn ..... *Brooklyn*
Miss Julia Healy ..... *Brooklyn*
John P. Wiegers ..... *Jamaica, L. I.*
Mrs. Nora Cashley ..... *Maspeth, L. I.*
J. Olafson ..... *Mineola*

OHIO

Mr. Packard ..... *Cleveland*
Mrs. John Reilly ..... *Cleveland*
Edward F. Russ ..... *Cleveland*
Henry Verhoff ..... *Lima*

PENNSYLVANIA

Katherin Fischer ..... *Bellevue*
Thomas Quinlan ..... *Bryn Manor*
L. Early ..... *Philadelphia*
John McCarthy ..... *Philadelphia*
Winifred McCarthy ..... *Philadelphia*
Nellie McGrath ..... *Philadelphia*
Frank Wohleber ..... *Pittsburgh*
Frank Chelius ..... *Reading*
John Smith ..... *Wilkes-Barre*

RHODE ISLAND

Mrs. Julian Salisbury ..... *Warren*

VIRGINIA

Mr. J. F. Bradford ..... *Clarksburg, W.*

WISCONSIN

John Doyle ..... *Brooklyn*
Nicholas Keeley ..... *Oregon*

FOREIGN

Eugene Kiely ..... *Ireland*
Mr. C. Daffy ..... *Scotland*

Divine Heart of Jesus Convert sinners, save the dying, deliver the holy souls from purgatory, (Indulgence of 300 days, every time. Pius X, Nov. 6, 1906.)

You are invited to join the League of the Little Flower.

Benefits: 1. You are remembered every morning at Mass at the Shrine of the Little Flower.

2. You are remembered every morning at a Special Mass said for our intentions at the Tomb of Christ near Jerusalem.

Obligation: Each day say the Lord's Prayer for the intention of the Little Flower. Her intention is to lead souls back to God.

Privileges: You are privileged to enclose the names of the deceased members of your family. They will be remembered each day at the Sacrifice of the Mass.

Fees: Each living member is requested to contribute one dollar a year.

The money derived from this will be used to help Father Coughlin promote his religious activities.

Mail your membership dues to Father Coughlin at Royal Oak, Mich.

Your prayers are earnestly solicited for our sick friends and for the faithful departed who have recently passed to their reward.

Wishing to take part in the activities of the League of the Little Flower, I hereby make application to become one of its members.

Herewith is enclosed ..... dollar(s) as membership fee for the League of the Little Flower for the person(s) listed below:

Name .....

Street .....

City and State .....

To Our Blessed Patroness

Ste. Therese, The Little Flower of Jesus

On May 17, Catholics of the entire world observe the fifteenth anniversary of the canonization of "The Little Flower."

In honor of the Maid of Lisieux who became one of the Saints about the Throne of God, a triduum of prayer will be conducted at the Shrine of the Little Flower at Royal Oak.

The triduum will begin on Wednesday, May 15, and last through Friday, May 17.

This series of special devotions will be offered up for the benefit of all readers of SOCIAL JUSTICE magazine, and more especially for those who indicate their spiritual needs and intentions by returning the accompanying Petition Blank.

Please set down plainly on this blank the particular needs for which you supplicate the intercession of "The Little Flower," as well as past favors for which you are thankful.

All Petition Blanks will be placed in a specially prepared receptacle. They will remain under a bower of roses on the Shrine Altar throughout the triduum.

Every person sending in a Petition Blank is asked to say nine Our Fathers, nine Hail Marys and nine Glory Be to the Fathers during the progress of the triduum for the intentions of all readers of our magazine.

It is important that you return your Petition Blank without delay so that its arrival in Royal Oak will be in time for the opening of the triduum.

PETITION BLANK

SHRINE OF THE LITTLE FLOWER

Royal Oak, Michigan

Triduum in Honor of the Little Flower

May 15th, 16th and 17th, 1940

Trusting in the intercession of the Little Flower who said: "I have never given the good God aught but love, it is with love he will repay. After my death I will let fall a shower of roses . . . as we hope in him so shall we receive," and relying upon the combined prayers of all who are making this triduum, I confidentially ask the following favors:

PETITIONS	THANKSGIVINGS
_____	_____
_____	_____
_____	_____

Name _____

Address _____

City _____ *State* _____

NATIONAL WEEKLY

Social Justice

Founded 1936 by Father Coughlin

LEADERS IN U.S. SENATE SUPPORT LIBERAL VIEWS

GEORGE, OF GEORGIA, ANOTHER IN PARADE FOR SOCIAL JUSTICE

TO MANY, Senator Walter F. George of Georgia, represents the purest type of Americanism in the political field. They admit he has not yet extended his principles of liberalism far into the realm of the social or the economic.

He has given his genuine support to various measures embodying the enlightened views of Christian social justice, but his leadership has been confined principally to issues relating to political, rather than economic and social democracy.

Though his Senate voting record, in at least three instances, reflects a touch of the new internationalism espoused by President Roosevelt, yet, Senator George, recognized as one of the most brilliant minds in the Senate, qualifies as a wholesome liberal on most domestic matters.

In controversies where the welfare of the masses was the issue, the Georgia Senator invariably has cast his lot with the people. When legislation has involved a conflict between human rights of the common man and exaggerated property rights of the wealthy, the Senator has upheld the common man.

Senator George evidenced his belief in taxation according to ability to pay by his vote in favor of income and inheritance taxes. He manifested his sympathy with the working man by his affirmative vote on the *Wagner Labor Relations Act.*

A native of the agricultural South, he is always on the side of sound farm legislation. He supports the *Cost-of-Production plan* for agriculture. He favored the Frazier-Lemke measures enacted to soften the heavy blows dealt farmers as a result of the depression. Believing the New Deal's A.A.A. was the best assistance farmers could obtain at the time, he voted for that law, despite its disagreeable features.

He did his part to help American veterans of the World War by voting for the *Soldiers Bonus,* then for passing the *Bonus Bill* over President Roosevelt's veto.

In retaliation for his stern opposition to the *Supreme Court reorganization* plan in 1937, the President sought to "purge" him the following year. Appearing on the same platform with George, Mr. Roosevelt appealed directly to the people of Georgia to defeat the Senator in his bid for re-election. The people of Georgia answered by returning Mr. George by a substantial majority.

On three outstanding national issues Senator George has voted counter to the views of SOCIAL JUSTICE.

He supported the ill-advised attempt to subject this nation to the internationalism of the World Court in 1934.

He went along with the New Deal's Reciprocal Trade Agreements program, not only when it was extended recently, but in 1937 and 1934.

Finally, he approved lifting the embargo on implements of war to belligerents in the current European conflict.

Notwithstanding his position on these matters, the integrity of Senator George commands admiration and respect in all quarters of official Washington.

—*Harris & Ewing*

U. S. Senator
WALTER F. GEORGE
He's Georgia's Answer to 'Purge'

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